FBIS DAILY REPORT

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CHANGES IN PRESIDENT'S FOREIGN POLICY RUMORED

PY072130 Bueno Aires LA PRENSA in Spanish 3 Jan 87 pp 1, 4

[Commentary: "Toward a Change in Foreign Policy?" by J. Iglesias Rouco]

[Text] Will Mr Alfonsin's alleged intentions of making general political changes this year include substantial modifications in his foreign policy of the last 3 years? According to Mr Jaroslavsky, Mr Caputo has merely been the executor of Alfonsin's policy.

The United States, Western Europe, and some Radical Civic Union circles believe that the president will change his foreign policy. Some also believe that this "correction" of policy will dislodge Mr Caputo, who has been one of Alfonsin's most influential ministers (if not the most influential). A more or less short-term "turn-about" can be envisaged at the Foreign Ministry. The ministry has been split in two factors: There is an underground, made up of "career" professionals whom Mr Caputo has excluded from discussions of important issues, and an executive ministry, which is managed by the minister's leftist, or so-called leftist, advisers. Some people at the Foreign Ministry are even going so far as to say that Caputo and his group may leave San Martin Palace after the partial elections scheduled for the end of the year. Some say that they may leave before that. According to the latter, this "turn-about" may be a result of not only the foreign minister's political ambitions -- Caputo wants to become "prime minister" (after changing the Constitution), in order to later run for president of a second or third radical administration -- but also, and this could be the main reason, a result of the failure of the president's foreign policy. This failed policy was clearly demonstrated by the recent British decision regarding the Malvinas. This has forced Mr Alfonsin again to blame Caputo, his usual scapegoat. The Casa rosada feels that, more than the South Atlantic conflict or the ups and downs of Argentine-British relations, what really started this new Malvinas crisis was Buenos Aires' position regarding the Central American conflict and Argentina's gradual rapprochement toward East European countries. This rapprochement was launched after Alfonsin's 1983 elections victory. In other words, the president reportedly learned that the British decision on fishing within the so-called "exclusion zone" had been ordered by Washington. This was done to show Buenos Aires that the United States is ready to actively support, maybe even with military actions, the verbal warnings it has issued during the last few years. In this way, the United States wants to show that it will prevent, at any cost, any strategic Soviet penetration of the south, be it at sea or the continent. Alfonsin may have received some of this information form one of his trusted men, Mr Facundo Suarez, the current head of the Secretariat for State Intelligence (SIDE). Suarez also an expert in the Central American conflict. More of this information may have come from the Americans themselves. U.S. diplomats, for example, skeptically received -- and this may have influenced the British decision -- Caputo's explanation (tendered in October) about the fishing agreements Argentina was going to sign with the USSR and Bulgaria. As far as we know, in his talks with U.S. representatives, Caputo tried to downplay those agreements and announced that similar agreements would be signed with Western countries. Reportedly, Washington's answer was that perhaps the Argentine-Soviet fishing agreements were not as important as some believed, but that in this particular case, it matters who comes first. Why didn't Argentina first sign agreements with Western countries, then with Eastern countries? According to our sources even Fidel Castro has cautioned Buenos Aires more than once about the military policy of Alfonsin's clique. (He apparently said that if one wants to put the Armed Forces under control, one has to do it immediately on the first day, not after 1, 2, or 3 years because by then it may be too late.) Castro even told Argentine envoys about NATO's possible reaction to the fishing agreements, adding that these agreements would be linked to the Argentine position toward the Central American conflict.

In December, the president became convinced that Washington and the rest of NATO influenced London's decision, and that the South Atlantic and Central American conflict were linked due to the negotiations the fishing countries, including those of the East European bloc, were holding with Great Britian. The president was even more convinced when he realized that, despite Caputo's efforts, the government was not able to draft a program to offset, or at least reduce, the impact of the British decision to expand the exclusion zone on 1 February. According to our sources, the government believes that the British will enforce their decison "vigorously." In the case of a clandestine invasion, the Malvinas base will expand its range of action almost to the Argentine coast. The British may even seek military "incidents." In the face of such danger, the Navy, Air Force, and Coast Guard have reportedly been ordered to withdraw, because they are not in a position to deal with such "incidents." Obviously, the Casa Rosada is deeply concerned about this situation. Thus, the government will reportedly have to make great changes in its foreign policy. Now, all we have to do is learn what those changed will be, in this regard there are several rumors. Apparently, Alfonsin will try to devise a new foreign policy that will make Argentina:

1. Adopt a more middle-of-the-road position concerning Managua, while considerable reducing its participation in the Contadora Support Group. Argentina will also reduce its commercial and financial aid to the Sandinist regime and will not advocate the establishment of a diplomatic bloc to oppose the United States within the OAS.

2. Invite London, by mid-year, for a round of talks. This time the administration will not make the sovereignty issue a "must."

3. Freeze Soviet commercial and industrial cooperation with Argentina at its current level and perhaps keep the Soviets out of certain public projects, such as the Bahia Blanca deepwater port. Aeroflot activities in Argentina might also have to be limited, despite the fact that the USSR is again buying large amounts of Argentine grain. In other words, a process of keeping Moscow at an arm's length would begin.

4. Rejoin, without reservations, the information exchange system on regional subversive organizations with Latin American and U.S. intelligence services, a task which Mr Suarez has already begun.

5. Facilitate the establishment of control and safeguarding mechanisms for the use of local nuclear energy and technology through the integration agreements recently signed with Brazil.

6. Return through successive steps -- that is, slowly and gradually -- to the Inter-American defensive framework, going so far as to participate in future Unitas joint military maneuvers.

7. Restrict the activities of Chilean exile groups, and of their Argentine supporters, particularly those suspected of having direct connections with the Chilean Communist Party and the Manuel Rodriguez Patriotic Front.

8. Argentina will also have to limit its relations with the PLO, and deny permission for the installation of an official Palestinian diplomatic mission in Buenos Aires.

In sum, these are basically the new policies some people believe the president will adopt. However, only time will tell whether or not they come to pass.

BEDREGAL OUTLINES FOREIGN POLICY PRIORITIES

PY071409 La Paz La Red Panamericana in Spanish 1700 GMT 6 Jan 87

[Text] The 1987 foreign policy of Paz Estenssoro's government will have three priorities. The first priority is negotiations with Argentina on a gas purchasing contract. This contract will be valid until 1992. The second issue involves arrangements for talks between the Bolivian foreign minister and his Chilean counterpart; and the third concern is an important February meeting in Vienna, Austria, to begin a joint struggle against drug trafficking with the support of European countries.

According to a statement made by Foreign Minister Guillermo Bedregal at Government Palace, these issues are part of Bolivia's foreign policy. Referring to the negotiations on the gas sales, Minister Bedregal said:

[Begin recording] In the first place, our negotiations with Argentina are very important. Argentina, is the country to which we owe the most money, and it is a country with which we maintain an economic relationship that greatly influences our own development.

We are also making arrangements for the next (?CET) [expansion unknown] which will probably be held in Salta, Cordoba, or even Santa Cruz, and will culminate with the meeting of the foreign ministers and the ministers of the economic sector of the two countries.

We are also going to begin immediate negotiations with Brazil, because we believe that the problems of the gas market, the expansion potential of the new oil deposits' project, and the diversification of the export markets by incorporating [passage indistinct] must be solved. [end recording]

The foreign minister said that the subject of negotiations on Bolivia's land-locked situation will be addressed carefully by the Bolivian Government abiding by the rules of the modern international law. In referring to the serious drug trafficking problem, which President Paz Estenssoro is determined to combat, the minister said that important developments will take place in this field.

[Begin Bedregal recording] Regarding drug trafficking, we are awaiting a U.S. Government decision which will finalize the initial commitment made in January and October to launch the bilateral program in this area. Arrangements are also under way for a (?17) February meeting which will be held in Vienna under UN sponsorship. [Words indistinct] to hold meetings in several European countries such as the FRG, France, Austria, Spain, Great Britain, Sweden, etc., with the purpose of establishing a joint (?fund) to give more energy to the struggle against drug trafficking, especially in Bolivia. [end recording]

JUSTICE MINISTER INVITED TO VISIT CUBA

PY070129 Brasilia Domestic Service in Portuguese 2100 GMT 6 Jan 87

[Text] Cuban Ambassador to Brazil Jorge Bolanos today formally invited Justice Minister Paulo Brossard to visit Cuba. Brossard said he will go to Cuba in March. The visit will serve to initiate contacts between the two countries' justice ministries after the resumption of relations.

CUT ON UNFEASIBLE SOCIAL PACT, 'UNEQUAL' PARTIES

PY072224 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 6 Jan 87 p 28

[Text] The Sole Central Organization of Workers (CUT) officially voiced its opposition to a social pact yesterday. CUT revealed its stance during a meeting with Labor Minister Almir Pazzianotto at the Regional Labor Headquarters in Sao Paulo, as part of the negotiations seeking a national understanding between the government, businessmen, and workers. CUT's answer to the government's proposal was contained in a document delivered to the minister in which the labor organization states its belief that "a pact or understanding between unequal parties is not possible." Pazzianotto met for almost 2 hours with 10 members of CUT's National Executive Board. CUT President Jair Meneguelli asserted, however, that only 15 minutes was devoted to discussing the social pact. He said that the rest of the time was spent on "informal issues." During the meeting CUT sought "answers to the demands that prompted the 12 December national stoppage." Minister Pazzianotto said that "it is not a time for answers because the understanding the government seeks is not with CUT alone."

The "answers" CUT seeks refer to revoking Cruzado Plan II and the non-payment of the Brazilian foreign debt. Regarding the Cruzado Plan, Pazzianotto asserted that he found nothing specific within the "ample package of measures" contained in the document delivered by CUT.

Among other issues, CUT demands the creation of salary readjustment indexes based on calculations made by the Difese [Interunion Department of Statistics and Socioeconomic Studies] and the IBGE [Brazilian Institute of Geography and Statistics], a salary scale with an escalator clause automatically triggered when inflation increases 5 percent, a land reform plan controlled by workers, a 40-hour week, and freedom and autonomy for labor unions. Once again, Minister Pazzianotto requested moderation in the demands because, "without moderation the workers' requests will hinder solving the main problems the Brazilian economy faces today: shortage of energy, labor, and raw material."

On the workers side, Jair Meneguelli stated that "the only way to achieve social peace in the country" is by granting CUT's demands. Otherwise the stoppages will continue to be held.

Minister Pazzianotto asserted that the right to strike will be respected even if the social pact is signed and noted that "there has never been a government in the history of Brazil that respects the right to strike as much as the current one." The minister, in pointing out that the national territory is vast and that there are many groups of businessmen and workers, asserted that the country, with the implementation of a national accord, will not remain immune to stoppages that must be provided for by the law.

In the CUT's opinion, however, the New Republic "is less democratic than it appears to be." In the document, signed by Jair Meneguelli, delivered to the labor minister yesterday, CUT notes the impossibility of reaching understandings between "unequal" parties beginning with the fact that we "live under a regime in which the workers have no participation in the making of the country's social and economic decisions."

Discouraged, Jaim Meneguelli left the meeting regretting the facts that the discussions are aimed "only at reaching paliative measures, without reaching anything concrete." The CUT leader revealed a better sense of humor before entering the minister's office when he ironically joked: "If it were up to CUT, we would place a duck on each workers table to kill his hunger."

Almir Pazzianotto refused to term the meeting with CUT as "one of the most difficult steps" in the negotiations seeking a pact, as had been predicted. He said that the meeting met his expectations and even used the words "frankness" and "loyalty" to describe the dialogue.

Tomorrow the labor minister will meet in Brasilia with the Confederation of Businessmen. On the 8th he is scheduled to meet businessmen's representatives in Porto Alegre.

BRIEFS

NEW IBGE PRESIDENT NAMED -- Edson de Oliveira Nunes took office yesterday as the new president of the IBGE [Brazilian Institute of Geography and Statistics]. [Excerpt] [Brasilia Radio Nacional da Amazonia in Portuguese 0900 GMT 7 Jan 87 PY]

REPORT ON ALFONSIN MEETINGS WITH WORLD LEADERS

PY071956 Santiago Domestic Service in Spanish 1600 GMT 7 Jan 87

[Text] U.S. President Ronald Reagan acknowledged the progress made by the Pinochet administration and told Argentine President Raul Alfonsin to work with Pinochet because he faces a large communist faction. During the meetings held a few days ago [as heard] by President Alfonsin with Reagan, Gorbachev, and Fidel Castro, Chile was the main topic of conversation.

These secret talks were revealed by journalists Jose Raul Cardozo and Carlos Hernandez, who accompanied the Argentine president on his tour.

According to current Buenos Aires publications, during the Alfonsin-Reagan meeting last November, the subject of the Chilean institutional situation was discussed by Alfonsin, who said: We are principally concerned with the situation in Chile and we believe it is important to prevent a division among the Chilean opposition. The deterioration of the Chilean situation will have serious consequences for its neighbors. I have spoken about this with Gorbachev and Fidel Castro, and we are trying to define strategies with you [as heard]. We want to hold constant talks to try to strengthen the path toward a pluralistic democracy in Chile.

Alfonsin said that Chile is a principal objective of Argentine foreign policy because it represents a serious destabilization risk to the Southern Cone.

On this subject, the U.S. President replied that he thinks Pinochet has made progress. He said: We should work together with him because he is confronting a large communist faction.

Given this categorical reply, Alfonsin could not help but acknowledge that even though fascism should not be an alternative to communism in Latin America, we agree that Pinochet should not be pushed around or cornered. The Argentine president added that an open door should be left for Pinochet, although we do not believe that he can remain in power beyond 1989.

According to the same source, Reagan pointed out that although there are three forces in Chile -- government, democratic opposition, and communism -- the latter wishes to infiltrate the democratic opposition.

In turn, Alfonsin said that the Chilean Communist Party [PCCh] must be prevented from turning to terrorism. He insisted that only 15 percent of the voters support the PCCh, and if it is outlawed, it will be far more dangerous.

President Reagan stressed that the communists are very skillful at infiltrating democratic forces, and that Pinochet must be helped. It is necessary to work with him until democracy comes to Chile.

Regarding the Alfonsin-Gorbachev meeting, the press report states that Alfonsin dealt with the Chilean issue by saying: We are essentially concerned with the Chilean situation. After an analysis Alfonsin concluded that the most important thing is to achieve democracy. He stressed: The future of Chile, either socialist or capitalist, must be discussed afterward.

According to the same source, Gorbachev answered that the need for democracy in Chile is more important than the opposition's differences.

In his meeting with Fidel Castro, Alfonsin again stressed that it is necessary to undertake actions that will consolidate the democratic opposition in Chile and prevent the PCCh from taking the path of violence. Regarding this subject, Cuba can do a lot, the Argentine president said.

Fidel Castro answered that although now is not the time for violence in Chile, it could be appropriate in the future, thus tacitly approving extremism.

In conclusion, regarding the activities of the terrorist Manuel Rodriguez Patriotic Front [FPMR], Castro argued that FPMR activities can be controlled as long as the military is subject to political power. If the military decides to become independent, it will be impossible to control terrorism.

These were the revelations made by the Argentine press on the secret talks President Alfonsin held with the chiefs of state of the United States, the Soviet Union, and Cuba. A reaction, confirmation, or denial of this report by the Casa Rosada must now be expected.

RADICALS, SOCIALISTS ISSUE JOINT DECLARATION

PY071511 Santiago Domestic Service in Spanish 0930 GMT 7 Jan 87

[Text] The Chilean Radical Party [PR] and the Ricardo Nunez-led faction of the Socialist Party [PS] have issued a joint declaration stating that, for the time being, they believe that the formation of a sector with all the rationalist [racionalistas], laymen, socialist, and Christian factions, is a priority to be fulfilled as soon as possible.

PR leader Enrique Silva Cimma and Ricardo Nunez delivered this written declaration during a press conference yesterday. They pointed out that this proposal, which is clearly understood and desired by the people, helps reach a democratic understanding for the present and the future.

The PR and PS leaders said that this rapprochement between the two parties, which they say have significant political pasts, is timely.

Nunez said: I reiterate what the PR has said regarding our rapprochement, and we will not explain what we are going to do, but we are thinking of reaching a level of cooperation among the Chilean social and labor organizations.

Meanwhile, Silva Cimma denied any estrangement between the PR and the Democratic Alliance [AD]. We are still a member, he remarked.

Another part of the joint PR and PS declaration states the following: An agreement between civilians and the Armed Forces, which will allow the fast reestablishment of democracy in the country, is fundamental for the nation's destiny. This will permit the political solution that is so greatly sought by the majority of the Chilean people.

The PR leader read another part of the joint declaration:

[Begin Silva Cimma recording] For the time being, the socialist and radicals believe that forming a sector with all the rationalist, laymen, socialist, and Christian factions, is a priority objective that must be fulfilled as soon as possible. This proposal, clearly understood and greatly desired by the Chilean people, helps to reach a democratic understanding for the present and the future. [end recording]

Afterward, the PR and PS said that this is the only manner in which a full and stable deomcracy can be built to guarantee national progress and growth.

This is what the two parties think of the changes that should occur among the national progressive forces.

When asked if their aim is to unify all parties in order to form a new Popular Unity [UP], the two political leaders were reluctant to any give details regarding methods or deadlines.

SOCIALIST LEADER CRITICIZES MIR, FPMR

PY061820 Santiago EL MERCURIO in Spanish 30 Dec 86 p C-3

[Text] Chilean Socialist Party Secretary General Ricardo Nunez has strongly criticized the MR [Movement of the Revolutionary Left] sponsored militarization of politics and terrorist actions by the self-styled Manuel Rodriguez Patriotic Front [FPMR].

In an open letter addressed to the Chilean left and its leaders, Nunez said that "it is impossible to justify the militarization of politics on the grounds that it is necessary to reach an agreement. Our political life has been militarized by the MIR and the FPMR's vast military project and actions, which range from the abduction of children and indiscriminate bombings -- which at times claim innocent victims -- to the attacks on barracks and the massive smuggling of weapons."

Nunez wrote the letter some days after the leftist conclave on 14 December.

Nunez added that "if all forms of struggle are adopted, the masses, who are willing to engage in mobilizations against the regime, may become the target of a bloody repression. This is a high price and will serve only to strengthen the Armed Forces' internal unity."

In this letter, Nunez pointed out that those who promote the struggle on the basis of small military organizations, those who believe that freedom and democracy are tenets of the bourgeoisie, and "those who weaken the social mobilization by promoting radical attitudes are not working for the unity of the left or the people. Instead, they are causing division."

"This is why we refuse to agree on a false unity, which would serve only to revive the people's defeat of 1973. If any progress is to be made, specific steps will have to be taken, such as the decision to abandon the mistaken and inefficient effort to militarily defeat the regime, and to do without the armed organizations that seek to achieve such a military objective," Nunez added.

As for the massive smuggling of weapons, Nunez stressed that such an action cannot pass unnoticed to "the leftist sectors that seek to achieve unity on the basis of nonmilitarized social mobilization."

The Socialist leader added that "irrespective of how the struggle is waged, the use of all forms of struggle in the current Chilean situation distorts social mobilization and awakens doubts as to whether a given method is actually legitimate."

"Given the accumulated evidence of the adoption of a long-range military strategy, the statements made on behalf of a 'self-defense' objective cannot pass unnoticed because, as we see it, such an objective is being pursued by military means (with the technical capacity to undertake self-defense actions)," Nunez remarked.

As for the difficulties in achieving an accord within the opposition, Nunez said that "it has been impossible to achieve unity within the opposition, owing to the serious discrepancies over the future restoration of democracy and over the forms of struggle against the regime.

"We want to be frank and say that we believe that those parties grouped within the MDP [People's Democratic Movement], particularly the PCCh [Communist Party of Chile] and the MIR, pose the greatest obstacles within the leftist sector to achieving a consensus of the opposition."

Regarding the PCCh and violence, Ricardo Nunez has said we believe the lack of necessary political will to take the proper steps to help isolate anticommunist positions or those that promote the exclusion of leftist sectors "are caused by the PCCh's wrong assessment of the situation and by it expressed willingness to achieve, within the short-term, a political regime different from a representative democracy."

Nunez added that "the PCCh believes 'a revolutionary situation is rapidly developing' (included in the report to the plenum of the PCCh Central Committee in January 1985), in view of which there is not other alternative other than to impose a 'popular-democratic' outcome of a 'people's democratic vanguard' which will lead to socialism."

He added that "in keeping with this point of view, the recovery of a representative democracy and the holding of elections are disqualified as being democratic-bourgeoisie' tenets. This in addition to describing civil disobedience as tenents of 'the small bourgeoisie and professional sectors.'"

Nunez said the following the same line "the PCCh has always upheld that only by inflicting a political-military defeat on the Armed Forces, which will lead to a 'general popular uprising' will the regime 'tumble.' This will be caused by the 'resort to popular revolutionary violence', and a 'people's democratic vanguard' will be eventually established."

Nunez stated that the Socialist Party of Chile believes that this PCCh policy "is an obstacle which thwarts the achievement of a political consensus. Consequently, we believe that this, together with the presumptive exclusions which are practiced by center and rightist sectors, is one of the decisive factors thwarting the unity of the opposition."

He stated that "we reject this policy not only because it undermines the achievement of a consensus but because we believe it is deeply against the interests of the Chilean people."

Nunez also reasserted that the Socialist Party grants unconditional support to democracy and that "this means a complete rejection of a military solution because we believe that a military solution in Chile will not lead to a democracy or socialism."

OPPOSITION MAGAZINES TO BEGIN PUBLICATION

PY071550 Madrid EFE in Spanish 1356 GMT 6 Jan 87

[Text] Santiago, Chile, 6 Jan (EFE) -- The nonrenewal of the state of siege in Chile will allow the reappearance of five opposition magazines that have not been allowed to circulate since September 1986 due to special powers granted to General Pinochet under the enforcement of exceptional measueres.

The state of siege, which was implemented on 7 September after the frustrated attack against General Pinochet, and which was enforced until 5 January in the metropolitan region, the third and fourth regions and the Antofagasta Province, will not be renewed according to a government decision.

The magazine ANALISIS will reappear on Tuesday, and CAUCE will reappear on 19 January. PLUMA Y PINCEL and LA BICICLETA are making preparations to go in print as soon as possible.

It is likely that the newspaper FORTIN MAPOCHO, which was a weekly before the state of siege, will reappear on 12 January as a daily.

During their closure, the publications carried out several activities to try to keep their journalistic teams by organizing art, movie, and theater festivals. They also published bulletins with restricted circulation.

Nevertheless, they were the target of strong repression and saw the kidnapping and murder of Jose Carrasco, the editor of the international section of ANALISIS magazine, and also death threats and persecutions which forced other professionals to go into exile.

Carrasco's assassination and the threats against journalists were claimed by the self-styled "11 September Commando," a terrorist organization named after the 11 September military coup that installed General Pinochet in power. Members of that group are still at large and have yet to be identified.

FURTHER ON BOMB THREAT TO U.S. EMBASSY

PA071825 Bogota Inravision Television Cadena 1 in Spanish 1758 GMT 7 Jan 87

[Text] For the 2d day in a row, the U.S. Embassy in Bogota did not open to the public and its officials did not go to the diplomatic mission. Bogota police confirmed that it has been providing a special guard service at the written request of the embassy's security corps. The guard is outside the embassy and nearby areas, to prevent a possible terrorist act.

Secret organizations detected a terrorist plan against the embassy, supposedly to be executed with a car bomb or explosives in a suitcase, as the drug traffickers' reprisal for the actions against them by the authorities.

The police announced today that the security operation and special guard will continue indefinitely. The embassy stated that it will resume service to the public this afternoon.

AUTHORITIES ARREST 2 DRUG-TRAFFIC 'CHIEFS'

PA071727 Hamburg DPA in Spanish 1534 GMT 7 Jan 87

[Excerpts] Bogota, 7 Jan (DPA) -- It was confirmed here today that two big drug-trafficking chiefs in Colombia -- including one sought by U.S. justice -- were arrested during the past few hours during intensive operations currently under way throughout the country.

Rodolfo Donado Suarez, considered one of the main "capos" of the Atlantic Coast mafia, was detained in the northern city of Cartagena, while Flavio Cabrera Samudio, who is in the list of the 128 most-wanted individuals, was arrested in the southwestern La Florida municipality. [passage omitted]

These 2 arrests raise to 10 the number of important drug-trafficking chiefs who are now in the hands of the authorities, together with hundreds of collaborators who are in various jails in the country waiting for a clarification of their situation.

Meanwhile, it was learned that the three men who were accompanying well-known Colombian drug trafficker Evaristo Porras Ardila at the time of his arrest -- including his brother Alvaro -- were set free by a military criminal judge. [passage omitted]

The Colombian authorities are conducting actions throughout the country, consisting of surprise raids against the property of individuals whose involvement in drug-trafficking activities is suspected.

PRESIDENT PROMISES TO RESPECT 1988 ELECTIONS

PA080305 Madrid EFE in Spanish 0045 GMT 7 Jan 87

[Text] Quito, 6 Jan (EFE) -- Today, Ecuadoran President Leon Febres Cordero promised the nation he will respect a "clearly free and earnest" electoral campaign.

During a New Year's message to the Ecuadoran people, the president recalled that elections should be conducted in Ecuador in January 1988 to elect a new president and vice president of the Republic, 71 deputies, prefect, and province councillors, mayors, and aldermen.

The president, whose 4-year term will end in August 1988 according to the Constitution and who cannot be reelected, urged his ministers today to accomplish exceptional work during the reminder of his term.

He announced that he will intensify agricultural rehabilitation, offer better incentives to the manufacturing industry and crafts, and develop the fisheries sector and the mining industry.

Febres also affirmed that thousands of jobs will be created and urged his ministers and government officials to work very hard to make 1987 and exceptional year. "We must admit that we have failed in our most fundamental effort," he said.

BRIEFS

1986 ECONOMIC GROWTH -- Ecuadoran Central Bank Manager Carlos Julio Emanuel has said that despite all the difficulties in 1986, the national economy grew by 1.7 percent. For this year it is expected that our economy will grow 2.0 percent. Emanuel said that up to December 1986, there was a 23-percent inflation rate and export activity grew by 4 percent. Emanuel added that the country has a $8.159 billion foreign debt. [Summary] [Quito Radio Quito in Spanish 2300 GMT 7 Jan 87 PA]

NEWSMAN PREDICTS FURTHER PRESS RESTRICTIONS

PY01:509 Paris AFP in Spanish 2050 GMT 31 Dec 86

[Text] Asuncion, 31 Dec (AFP) -- Aldo Zucolillo, owner of the closed daily ABC COLOR, said today that 1987 will be a black year for freedom of expression in Paraguay, because General Alfredo Stroessner's Paraguayan regime would not be able to endure 1 week of freedom of the press.

According to the newspaperman, whose daily had the widest circulation in the country and was closed by the government almost 3 years ago, said the margin for freedom of the press will be reduced to a minimum in the coming year.

He predicted that it will not be surprising if Stroessner definitively closes the independent Radio Nanduti as well as an opposition weekly (EL PUEBLO).

He explained that these measures can be easily predicted, because while the Paraguyan people become more fed up with this dictatorship that has been in force for 33 years they demand with growing civic courage respect for the rights of citizens as laid down in the Constitution.

Zucolillo said the reopening of ABC COLOR will not be authorized until after the end of Stroessner's regime which, he said, cannot last for long.

He commented that 1987 will be marked by electoral campaigns to prepare for the presidential elections and that the restrictions against the political opposition parties will, therefore, be increased.

He said: I presume Stroessner will set up a civilian as a figurehead to replace him as presidential candidate for the Colorado Party in the 1988 elections, and he will then necessarily have to limit still more the freedom of movement of the political opposition parties, because he will want to block the possibility of the opposition presenting a joint candidate.

He added that during these 33 years Stroessner has managed to split the opposition so he would not have to fact it as a single bloc, but during that period there were military dictatorships also in neighboring countries, but now Paraguay is surrounded by vigorous democracies and all of us democrats trust that the democratic parties in the neighboring countries will help us to get rid of this military dictatorship that exploits us.

Zucolillo predicted that Stroessner will not accept candidacy for the next presidential term for which elections will be held in March 1988, because, he said, the president knows that his image has deteriorated very much. He asked: What could Stroessner talk about with Sarney, Alfonsin, Sanguinetti, or Alan Garcia?

He explained that Stroessner plans to fully assume his post as commander in chief of the Armed Forces, delegating the Presidency to a figurehead.

The newspaperman concluded by stressing that the organized appearance of social movements that have virtually replaced the opposition parties, may in a short time lead to the creation of a genuine party that may awaken the interest of the citizens and place the two traditional parties, the ruling Colorado Party and the Liberal Party, in a quandary.

NEWSPAPER OWNER ACCUSES ARMY OF SMUGGLING

PY072107 Asuncion HOY in Spanish 7 Jan 87 p 1

[Item "signed" by HDD (Humberto Dominguez Dibb, proprietor of HOY)]

[Text] I request the cooperation of the II Army Corps in providing information on the continuous smuggling operations being conducted in the area under its jurisdiction. I have concrete evidence of such operations, which are the same as those that promote delinquency and corruption in different parts of the country. I know those responsible for these ransacking operations against the nation's interests. I ask the II Army Corps to provide a report on the shipments recently seized in its jurisdiction to the commander in chief. The individual or individuals to whom these shipments belong, the kind of merchandise, and the origin and destination of the merchandise must be reported.

Meanwhile, I come forward to affirm that I, Humberto Dominguez Dibb, know that personnel from the II Army Corps are involved in these operations. This situation revives my doubts about the removal of a well-known colonel from that Army unit. Why has he been retired? We know that this colonel at one time took over a police district office, creating panic and raising questions about the significance of, and respect for, the Constitution.

These smuggling operations to which I refer must be clarified by the II Army Corps of my country. Let us respect so that we can be respected.

Urges Political Moderation

PY071943 Asuncion HOY in Spanish 7 Jan 87 p 1

[Item "signed" by HDD (Humberto Dominguez Dibb, proprietor of HOY)]

[Text] I have warned of it several times, and now it has happened. A young Army officer lost his life in a melee provoked by civilians in Ybycui. The circumstances of this melee must be thoroughly investigated. A politician may have been involved. In my warnings, I said that politicians promote division within the Paraguayan family. This case, which has suspicious connotations, is evidence of that. If politicians can divide parties, whether they are called Colorado, Liberal, or Febrerist, they must be careful not to divide the country. These types of misdeeds can no longer be tolerated. Are they by chance interested in provoking violence here to introduce ideologies at odds with the character of the nation? Let those bad Paraguayans be warned that the Armed Forces will stand alert to prevent crimes, coups, and revolutions. We are tired of these types of events. I urge the glorious descendants of Marshall Francisco Solano Lopez not to allow violence to become rampant in Paraguay. Let them insure that good sense prevails over any extremist ideology.

POLICE ARREST FOUR UNIVERSITY STUDENT LEADERS

PY302040 Asuncion HOY in Spanish 30 Dec 86 p 6

[Text] Four students, including two women, from different faculties of Catholic University and National University were arrested on 28 December and taken to Central Police Headquarters.

The students were arrested at the Church of San Alfonso. They are: Manuel Ferreira (Banana) of the Student Movement of the Accounting and Administration School (Mecca) of the Catholic University; Elida Insaurralde of the University Regrouping Movement (MUR), which seeks the unity of the Philosophy Department at the Catholic University; Marina Yaluk of UTICA [expansion unknown] of the Architecture Department of National University; and Oscar Lopez of the Catholic University Movement (MUC), who was recently dismissed from his job at Carlos Casado, S.A.

The arrests were reported and repudiated in a communique released by the Independent Movements Coordinating Board [Coordinadora de Movimientos Independientes], which includes nine groups, and by the Engineering and Accounting and Administration Student Centers.

The communique states: "We repudiate this escalation of repression by the dictatorship, directed at stopping the demonstrations of the people's rejection of its educational, economic, and social policies. We hold the authorities responsible for the physical and psychological integrity of our fellow students and demand their immediate release and the full exercise of democratic freedoms."

The Accounting Students Center repudiates "this outrage upon the freedom of expression and the government's poor response to the demands of the popular sectors."

In addition to denouncing the arrests, the Engineering Students Center also "strongly repudiates the outrage upon the peasants of Tavapy II by military and police forces, under Colonel Grau. With unbelievable violence, they are mistreating the people there and seeking to oust them form their homes, completely disregarding their demands and needs."

"We reject any attempt to silence those who are justly demanding salary increases at the Hospital de Clinicas."

CHRISTIAN PARTY SENATORS OPPOSE GARCIA TRIP

PY071632 Lima Latinoamericana Television in Spanish 0410 GMT 7 Jan 87

[Excerpts] A permanent congressional commission today authorized President Alan Garcia to travel to Nicaragua from 9 to 12 January and to India from 21 to 31 January. [passage omitted]

The authorization was approved by the majority, but PPC [Popular Christian Party] legislators expressed their opposition to Garcia's trip to Nicaragua.

During an extensive debate PPC Senator Felipe Osterlig expressed his opposition to Garcia's trip to Nicaragua because he said it will cause serious problems with other Latin American countries such as Honduras, Costa Rica, and (?Guatemala). [passage omitted]

Bedoya Criticizes Past Trips

PY071635 Lima Latinoamericana Television in Spanish 0410 GMT 7 Jan 87

[Excerpts] Popular Christian Party [PPC] President Luis Bedoya Reyes today made remarks regarding the recent municipal elections and Alfonso Barrantes' temporary reinstatement as Lima Mayor. He also talked about other national issues.

[Begin recording] [passage omitted] [unidentified reporter] What are your views about the president's trip to Nicaragua?

[Bedoya] It is another rash presidential decision. It is true that the Constutition states that the president is entrusted with leading the national foreign policy and international relations. Therefore, he may have strong reasons [for making this trip]. If this is the case, then the country must be informed about them.

In truth, we regret to say that Garcia's visit to Costa Rica was fruitless; that his visit to Zimbabwe did not yield any positive results; that as a result of his extensive negotiations with the Spanish prime minister we are now obliged to pay debts; and that the only result of Garcia's visit to Buenos Aires was critical newspaper editorials brought about by the imprudence of the Peruvian President.

Although the president is entrusted with leading Peruvian foreign policy, he is also responsible for Peruvian international relations. Therefore, we must also wonder how sister nations like Guatemala, Honduras, and El Salvador will react to a visit during which the Peruvian president will attend the swearing in of a constitution which the Nicaraguan dictatorship is imposing on the people. Even though it is a popular dictatorship, it is still a dictatorship and is just as bad as the one headed by Pinochet. [end recording]

SHINING PATH'S TOP LEADER IN HIDING IN CUSCO

WA081425 Lima EL NACIONAL in Spanish 12 Dec 86 pp 1, 8

[Summary] Abimael Guzman Reynoso, top leader of the Shining Path subversive movement, called "Comrade Gonzalo" by his followers, is in hiding somewhere in a remote part of Cusco Department and is suffering from a serious lung ailment. This was revealed by Mario Gongora Pajares, alias "Comrade Martin," captured recently in the Plaza de Armas in Cusco carrying forged voter registration papers bearing a photograph of Abimael Guzman.

The 28-year-old Mario Gongora Pajares, known in the subversive organization as "Comrade Martin," was captured in Cusco's Plaza de Armas on 7 December in a violent shootout with the Cusco PIP [Peruvian Investigative Police].

"Martin" was accompanied by four other terrorists who separated and escaped runnind down El Sol, Universitaria, Plateros and Cultura Avenues. Several Counterterrorism Directorate [Dircote] officials traveled from Lima to interrogate him with the express mission of expanding investigations on the whereabouts of "Comrade Gonzalo," and even traveling to his hideout to capture him dead or alive.

The police had no idea that Gongora Pajares had the special mission of evacuating Abimael Guzman from his Cusco refuge. When he was captured and being searched, Cusco PIP officials were astonished to find he was carrying hidden in a little bag a voter registration document with a photograph of "Comrade Gonzalo," made out to a Casmiro Merino Alampa, a resident of the city of Puno.

Police also found 20,000 intis which, according to Gongora, was to finance his trip to locale where Abimael Guzman is hiding and to evacuate Guzman to Cusco or outside the country to provide his trusted medical aid.

Police are not releasing most of the confession of the caputured Senderist, in particular the reference to the hiding place, which, it has been learned could be in the high jungle area, presumably in La Convencion Province, or another nearby subtropical area.

Preliminary investigations have established that the forged document destined for use by Abimael Guzman carried the number 02854621 and is one of the thousand stolen from the voter registration office of San Juan de Lurigancho District during the 27 October 1984 extremist attack. The Senderist captured in Cusco participated in that attack as he acknowledged in his confessions, along with four men and a woman. Also, he has admitted participating in similar robberies and assaults against the voter registration office of El Agustino District.

The attackers stole from the two officers the voter registration documents made out to citizens who had requested duplicates and a good number of them were requests from youths who had just turned 18 and had filed for this document for the first time. The documents lacked only the stamped envelope, the photos of the requesters and the corresponding necessary official stamps of voter registration offices.

This is the first time in 7 years that police have had concrete news on the whereabouts of Abimael Guzman. All the previous reports had consisted of rumors and reports from people with little credibility who thought they had seen him somewhere.

The last time there was a bonafide rumor of his whereabouts was when the parents of Augusta La Torre, wife of "Comrade Gonzalo," left Jorge Chavez International Airport for Sweden in 1981; the last time they had had any news of their daughter and son-in-law was in 1979.

"Since then," said the parents of Augusta La Torre, "their fate has been a mystery. We do not know if they are alive or dead."

As is recalled, on the occasion, the La Torres went into voluntary exile because of incessant police hounding and they feared that because of the illegal activities of their daughter and son-in-law, their lives could be in danger.

SHINING PATH KILL 3, DESTROY DAM IN AYACUCHO

PY061401 Lima Panamericana Television Network in Spanish 0330 GMT 6 Jan 87

[Relay from Ayacucho by Alberto Llano -- no video available]

[Text] The chief of the PAIT program [Temporary Income Support Program] in the Victor Fajardo Province, the treasurer, and their driver were executed this past weekend by a Shining Path guerrilla group. This incident occurred 7 km from Huancapi when Engineer Pedro Pablo Rojas, Treasurer Nestor (Chiste), and driver Carlos Alfredo Meglar were inspecting some works.

Moreover, Shining Path guerrillas also set on fire and blew up the (?Yucita) dam which is under construction and which is also located in the Victor Fajardo Province. The dam was being built by the Ayachucho Development Corporation and it was about 25-percent completed.

In addition to kidnapping three workers, Shining Path guerrillas also blew up two tractors.

At present the provinces of Victor Fajardo, Cangallos, and (Virgahuman), all of which are located in the Ayacucho Department, are the main target of Shining Path activities.

The last three of the Shining Path's victims worked for PAIT. This is the second attack that has been perpetrated against public employees in the last 6 months.

BRIEFS

NEW URUGUAYAN AMBASSADOR -- In the Golden Hall of Government Palace, President Alan Garcia Perez has received the new Uruguayan Ambassador to Peru, Jorge Talice La Combe, who presented his credentials. [Excerpts] [Lima EL COMERCIO in Spanish 17 Dec 86 p A4 PY]

FOREIGN MINISTER ON INTEGRATION, U.S. SANCTIONS

PY080254 Asuncion Cerro Cora Sistema Nacional Television in Spanish 2300 GMT 7 Jan 87

[Interview with Foreign Minister Carlos Augusto Saldivar by reporter Alexis Casco Pane at the Foreign Ministry on 7 Jan -- recorded]

[Text] [Saldivar] Paraguay is a country that upholds integration, that favors integration. President Stroessner has clearly stated this fact in speeches at meetings such as the IDB ordinary session held here in Asuncion some time ago. As a consequence, we are involved in the Latin American integration process, we belong to the ALADI and have belonged to LAFTA [Latin American Free Trade Association]. This means that, in keeping with our economy and the interests of the Paraguayan nation, we will participate in regional or bilateral processes. We favor integration and will strive for all integrated Latin American countries to overcome their economic difficulties and enjoy a worthy standard if living like the one our people, the Paraguayan people, already enjoy.

[Casco] Minister, would the upcoming meeting between the Paraguayan president and his Brazilian counterpart be the appropriate time to discuss Paraguay joining this process?

[Saldivar] The meetings held by chiefs of state always have an open agenda, and two chiefs of state like the president of Paraguay and the president of Brazil -- two countries that share such important projects and achievements such as Itaipu -- undoubtedly will discuss all bilateral issues. They could even discuss integration, because it is part of bilateral relations.

[Casco] In referring to the U.S. Government decision to suspend the generalized system of preferential tariffs for Paraguayan exports, it has been stated in circles linked to U.S. authorities that this is a means of censoring Paraguay, or the Paraguayan Government rather than an economic sanction against the country.

[Saldivar] Whatever the Americans have to say is up to them. We are concerned about what the Paraguayan people have to say and the Paraguayan people consider the attitude of the U.S. Government to be a measure that affects our economy. They have not suspended Paraguay, they have just suspended some tax exemptions on U.S. imports of Paraguayan goods. The measure entails the suspension of some advantages or the reduction of others but it only affects some products.

[Casco] Doesn't this situation set us somewhat off-balance at a time when Latin America is undergoing a full democratization process?

[Saldivar] We have been engaged in the democratic process for a long time. The other Latin American countries are just beginning the democratic process. We have always welcomed any country that is achieving democracy.

RETIRED OFFICERS DEMAND GOVERNMENT REPARATION

PY061752 Paris AFP in Spanish 0034 GMT 6 Jan 87

[Text] Montevideo, 4 Jan (AFP) -- Some 60 Uruguayan Armed Forces officers and over 300 lower ranking members today demanded they receive reparation for having been expelled from the military institution.

In a communique released today, the Armed Forces members state they have not benfitted from the law which established promotions and granted salary increases to those military officers who went into compulsory retirement in keeping with the law that ruled military institutions during the de facto regime.

They add that they do not benefit from this law because they were removed from their posts through administrative proceedings.

They express their satisfaction because some of their peers were granted salary increases but they add this does not mean they will overlook the existence of a regrettable descrimination that some members of the democratic government, which all of us have struggled to achieve, tried to justify through inconsistent argument.

Regulations regarding the reinstatement of those officers who were discharged are included in the full stop law which puts a stop to investigations into crimes against human rights, approved 3 weeks ago by the Uruguayan Congress.

BRIEFS

1986 GDP REPORTED -- Montevideo, 28 Dec (EFE) -- Official spokesman have announced that the 1986 Uruguayan GDP totals $6 billion for this amount represents a growth of 5 percent. [Excerpt] [Madrid EFE in Spanish 1804 GMT 28 Dec 86 PY]

ECLA REPORT NOTES NATIONS'S ECONOMIC POLICY

FL240422 Mexico City NOTIMEX in Spanish 0302 GMT 20 Dec 86

[By correspondent Sergio Sanchez]

[Text] Santiago, 19 Dec (NOTIMEX) -- Norberto Gonzalez, executive secretary of the Economic Commission for Latin America, ECLA, has told NOTIMEX that Mexico was the Latin American country most affected in 1986 by the drop in oil prices, because this determined its growth and inflation. However, it was surprising that the damage was not greater, given the circumstances. Speaking at a news conference, Gonzalez highlighted the importance that the renegotiation of Mexico's foreign debt had for the whole region.

A preliminary account of the Latin American economy in 1986 was given at this news conference. The report states that Mexico's economic activity dropped 4 percent, while the per capita product diminished by 6.3 points, with a total loss of 10.4 points since 1981. The living standard during the same period dropped less than 10 percent.

All this happened, the ECLA report says, in the wake of the sharp loss in oil revenues of almost 60 percent, in addition to the reduction of approximately 10 percent in export volume. The report adds that to deal with the effects of this radical deterioration in exchange prices, the Mexican authorities initiated a readjustment program with important innovations to the plans habitually agreed to with the IMF.

The report also cites the adoption of a very restrictive monetary and lending policy and the introduction of new cuts in public expenditures. As a consequence of these, and of the new drop experienced by real wages, internal demand went down, industrial production decreased around 6 percent -- despite the fact that the export of manufactured goods grew very quickly -- and construction decreased by more than 12 percent.

The anti-inflation policy also suffered the impact of the oil crisis, and inflation spiralled. The inflation rate had begun to rise, the ECLA says, in mid-1985, principally after the considerable devaluation of the peso in July of that year. It continued to grow in 1986, reaching a record peak of 104 percent in the 12 months ending in November. This in turn determined the repeated and strong increases in the exchange rate, the considerable and even more frequent readjustments to minimum wages, the high interest rates, and the reinforcement of inflation predictions.

Mexico and Venezuela, which in 1985 were the only countries to end with positive current accounts have the biggest deficits in 1986, the report points out. It also notes the turn taken by Mexico's capital account this year. In 1985 it closed with a deficit of $3 billion, and this year it had a positive balance of around $4 billion.

In the section dealing with the renegotiation of the foreign debt, the ECLA report notes that Mexico's very firm negotiating stance produced a favorable response from its creditors, since, apparently, they feared the direct consequences that a Mexican moratorium might have on them, as well as the bad effects that such a stand might have on the rest of the countries.

It adds that Mexico managed to obtain specific applicatons of the Baker Plan provisions and to make the IMF give explicit guarantees of 3.4 percent growth in 1987, the novelty -- the main thing -- being that global financing was adjusted to the requirements of economic growth and not the other way around, as had occurred in the first three reorganization rounds.

ECLA's lengthy report explains the details of the Mexican renegotiation, concluding that Mexico was undoubtedly the center of attention in the 1986 debt negotiations.

Lastly, Gonzalez asserted that Mexico's negotiating experience will help the whole region; the ECLA's extraordinary conference in Mexico City on 19-23 January at the suggestion of president Miguel de la Madrid will also be immensely valuable. It will be a wonderful opportunity for the region to draw up policies that, while respecting each country's special situation, will let the creditors know the common criteria to face the crisis created by the foreign debt.

PEMEX BECOMES URUGUAY'S MAIN OIL SUPPLIER

FL071846 Mexico City NOTIMEX in Spanish 1555 GMT 7 Jan 87

[Text] Montevideo, 7 Jan (NOTIMEX) -- Uruguay will buy Mexico 10,000 barrels of oil a day representing 40 percent of Uruguay's oil consumption. This was reported by spokespersons of the National Administration of Fuels, Alcohol, and Portland Cement [ANCAP], which is in charge of refining oil.

The spokespersons indicated that in line with the agreement signed between the ANCAP and PEMEX, Uruguay will soon receive its first shipment of 920,000 barrels of oil at $17 per unit.

They said that with the PEMEX contract for 10,000 barrels of oil a day, Mexico becomes Uruguay's main oil supplier. Uruguay uses approximately 25,000 barrels a day. With this, Mexico replaces the Soviet Union, Nigeria, Ecuador, and Venezuela which traditionally have supplied oil to Uruguay.

CORRECTION TO DEPUTIES' APPROVAL OF REFORM BILL

The following correction pertains to the item headlined "Deputies Approve Electoral Reform Bill," published in the 3 December Latin America DAILY REPORT, page M 1, paragraph four, line six:

...representation by 100. In addition.... (changing word "to" to "by")

EL SALVADOR

DUARTE DENIES RESIGNATION RUMOR, VIEWS TAX LAW

PA080323 San Salvador Radio Cadena YSKL in Spanish 0142 GMT 8 Jan 87

[News conference given by President Jose Napoleon Duarte to unidentified reporters at the Presidential Palace in San Salvador -- recorded broadcast in progress]

[Text] [Duarte] ...businessmen are gathered in another room at this moment. I had promised to give them the details of the law for them to study. I am here to answer your most important questions. I believe that your first and most important question will be whether I am still here, if am I still the president. I have learned that the extreme left has used its means -- a means created by its institution and which is called SALPRESS, a ghost institution created by the Marxists in Mexico and Nicaragua -- to release statements and bulletins to the whole world. This [5-second break in reception] have released a dispatch that is not true. There is no truth to what this dispatch has to say. However, what it said created a current of news around the world and the country. People have been calling me on the phone to ask whether I am still at the Presidential Palace or whether I am out. Precisely because I was called, I suggested that the reporters come here and see for themselves that I am working and that all that has been said is not true. Therefore, this would be my answer to your first question as to the rumors. This rumor is a part of every process [7-second break in reception] to destabilize the country.

[Reporter] Does this mean that your government is currently stable despite the attacks it has experienced on the part of the right and the left?

[Duarte] It is very stable. We are working. The left will never be able to mislead the people. The people will know that all they said in their dispatch was a lie. The lies of the extreme [9-second break in reception] and concern regarding the taxes and law we have approved.

[Reporter] Mr. President, the campaign unleashed by the right and that MAN, National Action Movement, seeks, and they have even said that [12-second break in reception]. In that sense, is your government willing to abolish what is already a law of the Republic?

[Duarte] No, sir. A law of the Republic is a law of the Republic. The gentlemen of the MAN and ARENA [Nationalist Republican Alliance] must understand that I was elected by the people and that I will only stop being president when the people want, through the democratic method of free elections. This will only happen if it is the sovereign will of the people. I will not stop being president because of lies and stories like the ones they are using to mislead many people. They are misleading the people by telling them that the taxes are of such a nature that the working class and laborers are going to be burdened with heavy taxes [4-second break in reception] when 39,000 people will no longer pay taxes -- the income tax they paid in the past -- and that 36,000 people are going to pay the same amount of taxes that they paid in the past. The tax table has not been changed. What the law contemplates is a change in the concept of the law, an ideological and important change. Until today, all taxes were paid based on what is called an indirect tax.

A tax that was placed on costs and was paid by the poor. We made a structural change, and now the taxes will be paid in such a way that the person who has more will pay more; the person who has less will pay less; and the person who has nothing will pay nothing.

We are also protecting the middle class and the laborer [2-second break in reception] and the peasant. The system has been drafted as an important tax amendment within the process of change in the country. We are doing this aware of the fact that the changes are good changes, that they are necessary for the country. We have done it in the same way that we did the agrarian reform which we do not regret. Back then they also said that a coup d'etat was necessary because we were implementing the agrarian reform. We also did a banking amendment, and we did not regret making it. We also made amendments to our foreign trade and other amendments. Now we are implementing a tax amendment, and it is part of the whole concept. What has to be understood is that the extreme right does not want social changes. I became president to begin a democratic revolution [11-second break in reception] as a president. You are going to see me making decisions. This is something the extreme right does not like. What they try to do is carry out coups d'etat, and if they cannot carry out coups d'etat then they will seek a way to destabilize the country.

However, the people know and have confidence and faith that the changes being made are necessary to confront the country's fundamental problem. We must understand that we have an economic crisis, a war crisis, and a natural crisis, derived from the drought and the earthquakes. Therefore, if we understand those three phenomena we will understand that the country needs fundamental changes. We do not have war and guerrillas firing bullets in the mountains by chance. We must rectify the country's social problems so that the country can find the path to peace without using violence.

That is what we are doing. That is what I will continue to do to benefit the Salvadoran people.

[Reporter] Mr President, the fact that the rumors about this alleged coup d'etat that took place involved two top military officers [words indistinct]. What is the true situation of these soldiers with respect to the government?

[Duarte] There is no problem. Colonel Vargas is in Morazan working with his battalion. This morning I received the military reports from the zone. He is currently in the mountains. He has operations throughout the area. It is the same case with the Arce Battalion in Usulutan. Col Ochoa, who is the third one mentioned, is in Kentucky, in the United States. He has been transferred to Venezuela. He will [words indistinct] law, which establishes a period of 20 days to report to his new post. Therefore, there is no problem.

[Reporter] However, the fact that the left has mentioned them...

[Duarte, interrupting] No, that remains to be seen. What is the left wing up to? Now they are fighting because the left wing says that it is not true that the Army, that the 4th Detachment in Morazan, had a clash in Ocicala and the rebels sustained 22 dead.

You know that Radio Venceremos has been saying that it is not true, that Col Vargas this, that Col Vargas that. They are attempting to undermine Col Vargas. What they say is not true, and [words indistinct] of the left wing to denigrate or weaken Col Vargas' working position.

It is the same case [words indistinct] we all know about, the whole affair that was created regarding Col Staben. Obviously, that is why it is logical that they use and mention this.

It is the same case with Col Ochoa. I believe that none of [words indistinct] Col Ochoa, throughout all these years, when he was in Sensuntepeque [words indistinct] the 4th Brigade. I believe that all of you know about this. The accusations even predate this time. This attitude [words indistinct]. That is what happens with politicians. I do not know if you saw the cable. It mentions Abraham Rodriguez [words indistinct] weaken them. They will not achieve this.

[Reporter] President Duarte, the president of the Chamber of Commerce stated today that it is willing to adopt measures of force, including calling a strike [words indistinct]. What is your opinion on this?

[Duarte] I believe it is out of line. That position is illogical and inconsistent. It is an impassioned position that does not benefit the country's tranquility in any way. There is no doubt that the Chamber of Commerce and Victor Steiner -- who made those remarks -- have been doing some of the things I mentioned and have maintained strong positions. I respect their points of view, as I have respected the points of view of other sectors. I believe that within a democracy one must allow the various sectors to voice their opinions and their preferences. However, everyone must understand that this democratic government is not weak, and that just as it has been said that the people can express themselves freely and stage demonstrations -- and they have already staged them and nothing has happened. Those who break the law will be punished. Those who endanger the country's stability will be punished. This means that if any of these gentlemen break the law or destabilize the country he will become an agent of sedition. He will face the same punishment that a terrorist must face, according to the law.

I believe we need not go so far. I believe we must be consistent and tolerant. My position is that we must be tolerant. My position is that the business sectors must let us explain the results of this law, so that they will realize that all that they have been told is false. The working sectors, the employees, business executives, and the country's middle class must not let themselves be deceived.

What they have been told is false. Income and property taxes for lower-income sectors and the middle-class will actually remain unchanged. That was already decided. It is not true that there will be a series of changes (cascada). The basic thing is that this government does not seek to hurt anyone; it does not seek to create problems for the private sector. Quite the contarary: we are determined to be tolerant and understanding; to help the private sector in those aspects in which it needs help and in even more.

Furthermore, in the other room, we are now meeting with private sectors to review the laws, one by one, to determine whether something must be changed. That is the participatory method that I have proposed. We will also meet with labor to review the law. We want them to realize that what they have heard has been false.

Therefore, I would call on that gentleman who said [5-second break in reception] guerrillas ended up with a rifle in the mountains, seeking to destabilize the country and they have been forced to suffer the consequences. The people have also suffered as a result.

I urge him to not use that kind of language. I urge him to use the language of understanding and tolerance; to use the language of dialogue that this government has been permanently offering to all [5-second break in reception] with the left and we will hold dialogues with the right and we will have no problems. If we have to correct mistakes, we correct them. We see no problem in that.

[Question indistinct]

[Duarte] That is a political attitude aimed at calling attention; its broad objective is to promote a destabilization process. They are doing this for two reasons: First, as you know, they are seeking a coup d'etat and have been going from headquarters to headquarters seeking to destabilize the country. They have been going from town to town asking the people to participate in civil disobedience activities. This is called sedition in any language.

The others are seeking political power. They are thus exerting pressure to get more political influence, especially in a problem that should concern all, namely, the democratic stabilization of the country.

Therefore, to me this is an improper and intolerable attitude. These men refuse to understand that as this process continues and we draw closer to democracy, it has become increasingly more difficult to stay on the democratic path. They know this is the way to solve the problem and achieve peace without the use of violence. To me, this is an inconsistent attitude that they must change. I will give you only two examples:

What would happen if these men fail to vote when the state of siege is established? What would happen [2-second break in reception], because it will no longer be a matter of abolishing the state of siege for goodwill reasons, but as a result of interests. This will create a very difficult problem within a state of war.

Second, what would happen if they fail to vote for international loans and donations? That means that the country would be left with no money and the Army would be left without support. This is more dangerous than what the guerrillas are doing in the mountains. Imagine the seriousness inherent in the attitude of these men. They do not care. They are not assuming their responsibilities as political leaders. That is what I can say in that regard. [16-second break in reception]

[Question indistinct]

[Duarte] [Words indistinct] the state has many instruments to tackle that. For example, those who have not paid or have [words indistinct] will not be able to leave the country.

This leads to many other things: They will not be able to obtain credit at banks, because they will not be able to sign official documents; they will not be able to sell or buy property, because they will have no funds; they will not be able to draw checks.

Therefore, there are a number of aspects that are very serious to those people themselves. I would say, and I repeat, that this is an inconsistent attitutde. The logical thing is that if something worries them [Duarte changes thought] for example, they were told that the tax [10-second break in reception]. The idea, for example, that if a society paid for what another society had already paid and whether (? the others) should pay or not -- we are explaining all those things.

All those details that need correction will be corrected. Therefore, there is no need to resort to civil disobedience, because, I repeat, that is how the violent process began in the country in the 1970's. This is very dangerous. If we wish to solve problems through peaceful means, we must realize that the first step should be to maintain social discipline within a social order in which we all accept the rules of the game. In a democracy those rules are: the sovereign will is expressed through the election of leaders and through the laws that are in force in the country.

Someone who says that he will not obey the law is generating social disorder. An individual who says that he will not obey the law by not paying taxes does the same as another who does not obey the law by taking up a rifle and killing people.

Recall the results of the social disobedience concept that began with the agrarian reform process and ended with kidnappers and death squads. They can be sure that that will not happen during this administration. They will get what they deserve if they turn our country into a violent state.

[Reporter] Mr President, do you expect the Supreme Court to declare this new tax law constitutional? What is your opinion about the appeal made by the attorney general of the Republic, who is in charge of administering justice in the country, since he has said that taxes should not be paid until the court declares them constitutional?

[Duarte] First, I am not an attorney and cannot give my opinion in this respect. However, I believe that the attorney general does know about this. The attorney general is aware of the responsibility he has when he made these remarks. He is also aware of what the duties of the Legislative Assembly are [words indistinct] on whether or not the attorney general has committed a crime by making this kind of remark. Nevertheless, I understand that technical opinions can be given. However, an official who has responsibilities and represents the state cannot issue a personal opinion, and stop being the attorney general to continue acting as a common citizen. Moreover, he spoke as the attorney general. That means that he is liable for his remarks. I do not know to what extent he is liable. I am not an attorney nor am I am a member of the Supreme Court of Justice or the Legislative Assembly. Those bodies will judge him. All I know is that this clearly proves the incongruency of the appointment of a person as attorney general who does not represent the state and the government. He represents interests and political positions rather than the duties he has. He should be the government's attorney, and he has been appointed for this task.

[Reporter] Mr President, does this verbal violence on the part of the right wing in view of the current situation endanger your government?

[Duarte] What they will do is create tension. If they continue with rumors such as today's, if they make up new ones, what the Salvadoran people have to do is not believe all those rumors, because otherwise they will keep the country in a permanent state of tension. If the media lends itself to this -- for example, I was told today that there were versions about [2-second break in reception] that this would be broadcast by radio. I believe that this is inconsistent and against the country's stability. I also believe that someone in charge of communications means should never endanger the country's stability and that the media has the duty to protect the stability of the country [words indistinct] the freedom of expressions, of communication, of press, are based in the democracy and the political-social stability of a democracy. If this is lost [4-minute break in reception] the country will, has, and is hearing too many rumors and fibs as we say in El Salvador. This attitude creates uncertainty and fears among the people, and there is nothing worse than people under tension. [Words indistinct] even though it does not endanger the government's stability it does endanger the social stability of all Salvadorans. This should not occur.

[Reporter] Mr President, have you ruled out the possibility of a coup d'etat?

[Duarte] I have no information up to this moment [words indistinct]. I believe that the information process of what could be called intelligence is sufficiently extensive to prevent this from happening at this moment and to alert me if there is anyone planning such an act. I can certainly tell you, if you wish, the full names of people who have been holding meetings to create this kind of uncertainty. You know who they are, and it is normal for them to be involved in this kind of affairs. You should remember that it is not the first time that he [not further identified] has attempted to give right-wing coup d'etats. However, the Armed Forces are aware of this and will not fall into the trap.

[Reporter] Mr President, there is some fear among the people. They are afraid that those who have less will find themselves paying these taxes. Will control mechanisms be implemented to prevent the speculators, the large producers, and the large consortiums in El Salvador from burdening the people with these taxes?

[Duarte] Except for the indirect taxes, for example the tax on alcoholic beverages, [6-second break in reception] on the consumer. This means that alcoholic beverages, rum, may costa little more. This tax may be charged to the people. However, the direct taxes are nontransferable. This tax is nontransferable. I wish to add that anyone caught trying to transfer this tax will have problems. If a company has to pay 30,000 pesos in taxes -- I am just giving you an amount -- and it tries to include these 30,000 pesos in its operational cost at the end of the year, aside from its normal profits -- let us say 100,000 pesos -- this company is going to find itself paying for an extra 30,000 pesos. However, by that time it will not be 30,000 pesos that the company has to pay in taxes but 50,000 pesos. The company will reach a point where it will become impossible to transfer the taxes because it is going to find itself paying more and more. The good thing about the direct tax is that it is not easy to transfer it [7-second break in reception]. Speaking in general terms, it is almost impossible to transfer [5-second break in reception] on the people.

This is why the business sectors -- aware of the social changes we are making, aware of the fact that they will not be able to burden the people with these taxes -- are creating this whole destabilization process. They want us to abolish the new concept of [5-second break in reception] indirect taxes. It would be much easier to get money by just increasing taxes. The businessmen would not have complained about that. [5-second break in reception] They do not care because they just raise the price and make more money.

However, the people suffer when this happens, and this is what I want to prevent. The people must rest assured that I am struggling to stop the transfer of taxes, which would be a burden on them. The businessmen had better not forget that the Economy Ministry has the right to establish prices and that anyone [6-second break in reception] because we must obviously make exceptions, but an inpsection will have to be made and a price control placed on the products.

[Reporter] President Duarte, please excuse me for going back to the problem with Major d'Aubuisson. If the government is aware of what Major d'Aubuisson is doing why does it not take legal measures to stop him?

[Duarte] It is all in the concept. If I want to make a democratic country out of this country then I must open the political space. I must give the people a chance to repudiate those who do not abide by the laws. [11-second break in reception] In the past when someone mentioned the word "strike" everyone would start shaking, locking up their stores; there were confrontations on the streets, people were killed, buses were burned, and many othe things happened. Today we see demonstrations and nothing happens. This is the same thing that is going to happen with the right. [5-second break in reception] They are going to create tension in the country for some time, but the people will begin to realize that their way is not the way toward democracy and the people will repudiate them. This will force those two systems to isolate themselves and the people will begin to understand what social discipline and democracy mean.

I have legal weapons to use not only against the right but also against the left, but I wanted to give them space. Do you think it was easy to decide to sit down and talk with the guerrillas? There are many people within the rightist sector who have asked themselves the same question you have asked [5-second break in reception] who have said that I should have just put him in jail. The same is happening with the right. However, what we must understand is that this is a democratic process and this is what is important. [5-second break in reception] country toward a democratic process and we must understand that democracy means resolving the social conflict. The democracy always confronts one person against the other and [15-second break in reception] there are times of big conflicts and times of small conflicts. The idea is not to step outside the bounds of democratic space. That is what I am trying to do.

He [D'Aubuisson] has used the television to say lots of things, he has gone around talking and destabilizing. I know what he is doing, so I tell the press what he is doing and through you I inform the people of what he is doing. The things that he is doing are wrong. He is destabilizing the country; he is harming the country, and he is harming the defense of national sovereignty.

I can also inform the people that [2-second break in reception] just imagine what he has done, he has presented an appeal against national sovereignty. He has said that we are not at war. That is totally absurd. However, that is the way he thinks.

The people must know this. This is where the media comes into play. The media takes the message to the people so that the people can see for themselves. This is your important role within the democratic process. When the media remains silent, when newspapers refuse to inform on this, when newspapers [3-second break in reception] and cause destabilization, then they are only harming themselves because there can be no freedom of expression without democracy.

This is the process I am trying to implement in the country. I am not saying that democracy is weak. Democracy can exercise its right at any time, and it is strong enough to do so. However, in a country that is just beginning to live in democracy, every sector must be given the chance to settle itself within the democratic discipline.

This is what D'Aubuisson has not learned. This is what [words indistinct] has not learned despite the fact that he has been a ruler here in the Presidential Palace.

I remember what he said to me when I came to see him here once. At that time he did not speak as he does today. This is the type of thing he must learn to live in a democracy. To learn that one's right ends where the right of another begins. To know that social discipline is based on laws and that laws are made by those who have the authority and the representativity of the people through the democratic process, and that one must have respect. If a new government started tomorrow and wanted to change any of the laws, and had enough votes in the assembly to do so, then it would be done. If instead of me there were a new leader tomorrow, and he were elected by popular vote and wanted to make a proposal, then he would have a right to do so. Not because of this does it become unconstitutional for the president to make his proposal to the assembly. The assembly studies it and either approves it or turns it down. If they approve it by a majority and it is signed by the president then it becomes law of the land. [words indistinct] One has the right to say no within a democracy. He also has the right to recourse. One of the recourses is declaring a law unconstitutional.

However, I ask the Salvadoran reporters that are here today: in 50 years of dictatorship how many times did someone have the right to go to the assembly to request an appeal or question the constitutionality of a law? What would happen to a person who did this? Today this can be done. What you are seeing today is that there is no action the government takes without someone presenting an appeal. Why? Since they have the necessary amount of votes to declare everything unconstitutional, then they are using this right. This is setting an unhealthy precedent, the process of permanently confronting the powers of the state because the state's power and independence must be respected. However, this does not mean that the country must be destabilized to do so, and these gentlemen have been resorting to destabilizing the country.

[Text] [Question] Mr President [words indistinct] a sit-down strike. This was announced. This could involve all sectors. I understand that on the 10th there will apparently be a rally of the UNTS [National Unity of Salvadoran Workers] the guerrillas have already annouced a stoppage. Those extremes will be reached. Therefore, to what extent can the government stand such pressure and prevent political chaos in the country?

[Duarte] Look, if the great majority of the Salvadoran people realize that the position of the extreme left and right is to destabilize the country, nothing will happen to them.

Now, if the people are deceived, if the extreme left and the UNTS joint the extreme right as the did [2-second break in reception] with the ARENA on two occasions, the extreme right and extreme left joined efforts to agree on this kind of position. If they do that, and the people are deceived, there could be a problem.

However, that problem would result in serious consequences for the people themselves, because all international aid would be suspended first. And how would this country sustain itself without international aid? What would happen to the Army after 30 days without anything to shoot? If they do not pay taxes ...[does not finish sentence]. What would happen if soldiers are not paid?

Imaginge the meaning of this idea of the extreme right and the extreme left. They are giving the extreme left what they have not been able to achieve in 7 years. That is to [17-second break in reception].

If the people continue to understand the effort that this government is making to lead the country along the path of democracy -- and the people elected me president to do just that -- if the people understand this, then nothing will happen in this country.

[Question] Mr President, lately there has been talk -- and now changing topics -- about Colonel Avalos' release. What is the situation regarding his release?

[Duarte] Look, we have handed to the archbishop lists of people. We have reviewed them repeatedly. On each occasion, [10-second break in reception] different lists are being added. We are ready to learn what is the final reply of those men; whether they accept [25-second break in reception] the archbishop has handed them to the appropriate people to make the corresponding contacts. We are awaiting their reply as to whether they accept that number of people for Col Avalos' release.

My political objective is to achieve the release of Col Avalos and I am willing to make the maximum possible sacrifice within the dialogue to achieve his release. That is my duty as a human being and that is what I have told the Armed Forces.

I understand that people believe that it is not logical to make it a normal procedure to kidnap people. This is a crime. However, above all that, to me the life of my friend and companero, because he worked with me for 2 years, [25-second break in reception] in anemic conditions; in fact, he is suffering from calcium deficiency and is in serious [5-second break in reception] I am making the best effort I can to release Col Avalos.

[Question] Could you comment on today's meeting with the U.S. ambassador? [10-second break in reception]

[Duarte] ...the documents that he brought from his trip to the United States and to hand me a personal letter that President Reagan sent me for Christmas. I already replied to him. Perhaps I can bring the letter that I wrote to President Reagan, the letter is on my desk. The letter that the ambassador brought me is the original, because at Christmas the president sent me a cable containing the message.

The ambassador then handed me the original letter. It is a very beautiful letter from President Reagan addressing Central American problems. I answered that letter. You can obtain a copy of my reply to President Reagan. I have not sent it to him yet, that is why I will show it to you today. I would like you to see it today. I have to send it and will allow it to be published then, because it would not be correct to do the opposite. You can publicize the letter that Reagan sent me, because I already received it.

[Reporter] Mr President, does this mean that a reaction emerged within the U.S. Government due to the nationalization of electrical services and that the U.S. Government asked your government to stop or examine more thoroughly this kind of reform?

[Duarte] First, there has been no nationalization. A concession has ended. It is important to understand the difference. A Canadian company which later became American was given a concession for 30 years, and later for 50 more years. That means that is profited from a monopoly on the country's electrical service for 80 years. Finally, the monopoly ended. The Constitution says that company cannot be granted the same concession again. The Constitution also says that the state is not responsible for rendering that service. Therefore, we have initiated a process of intervention until it is legally decided what is applicable. Is the Salvadoran Constitution applicable, when it says that all those goods revert to the state without any kind of compensation payment? Or is the contract that was signed during the 1930's valid?

It is not up to me to decide that. It is true that the U.S. ambassador visited me before Christmas and expressed concern over this case. I explained to him what my position on this is. I want to tell the Salvadoran people, through you, that the government is willing to find a way to resolve this problem without taking it to court. I have spoken with businessmen in various companies, including the CAESS [Electric Light Company of El Salvador] about sitting down to discuss ways of resolving the problem. However, this can be done only inasmuch as I can have a legal, legitimate solution, in accordance with the law and the Constitution. I cannot do it in any other way.

Here is my letter. Perhaps Lolita [not further identified] -- this is the letter that President Reagan sent me; here is the translation into Spanish; I have the original in English -- can make a copy of his letter. This is my answering letter. It is here. It is signed. I will send it tomorrow, In it I discuss the basic topics he addresses in his letter. That is the answer.

FMLN-FDR COMMUNIQUE NOTES 'POLITICAL CRISIS'

PA080306 (Clandestine) Radio Venceremos in Spanish 0025 GMT 7 Jan 87

[Communique issued by the FMLN General Command and FDR Executive Committee in "El Salvador" on 6 January]

[Text] The FMLN and FDR herewith set forth their position on the developments that have been taking place in our country over the past several weeks for the benefit of the Salvadoran people and international public opinion.

1. Jose Napoleon Duarte's future as a front for the counterinsurgency plan is currently being discussed in closed meetings in which the U.S. Embassy, the Armed forces, oligarchy, and big buinessmen of ANEP [National Association of Private Enterprise] are participating.

2. The need for a new agreement among those sectors on the future of Duarte's government has emerged from the serious weakening suffered by the government. Such a weakening has lead to a process of increasing isolation that forces the Reagan administration and its representatives to seek a new cover for its counterinsurgency plan.

3. Duarte has plunged the country into the deepest economic, political, and social crisis in our history. The imposition of economic measures, the lack of economic plans, the commitment of the national budget to the war, and the excessive cost-of-living increase -- all this made more acute by the damages caused by the 10 October earthquake and the drought -- have dealt a sharp blow to the popular sectors and other groups among the population.

4. The prolongation of the counterinsurgency war has further aggravated the economic and social crisis, and it prevents an overall resolution to that crisis. This in turn has given way to an even deeper political crisis than the existing political and economic crisis.

The political crisis is apparent in the breakup of Duarte's political and social base. It is apparent in the opposition by all the social sectors to his government. It is apparent in the open exercise of state power by the military. It is also apparent in Duarte's growing dependence and subordination to U.S. policy and strategy for the region in general and El Salvador in particular. It is also apparent in Duarte's failure as cover for the counterinsurgency plan.

5. Duarte has failed in his attempt to (?conciliate) around the counterinsurgency plan various rightwing elements that favor a military solution in El Salvador. All are against Duarte for different reasons. The big ANEP businessmen try to recover the leadership and direction of the country's economy and government power. The exploitative landowners try to recover the control of the free trade in coffee, cotton, and sugarcane. The military chiefs are trying to continue in the war business, and high officials take advantage of the situation in order to maintain high levels of corruption and continue the political dispute over Duarte's succession.

6. Amid the contradictions of these sectors that speak out in favor of a military solution we have the struggles of the various popular sectors defending their economic interests and seeking greater participation in finding a solution to the conflict. That is apparent in a greater level of organization and mobilization. The size of the popular movement and the justice of their immediate and patriotic demands in favor of a just peace are the legitimate expression of all the people against the antipopular and submissive Napoleon Duarte regime.

7. Because of this the [words indistinct] the Christian Democrats, the military, the businessmen and the Americans revolve around a new economic and political model within that very countersurgency project. The calls made by the oligarchy, the business associations, and the extreme right-wing parties for a coup d'etat seek greater participation by the United States in this project. At the same time the Armed Forces are trying to gain political status in order to develop their military plan, which President Duarte no longer [words indistinct] and the United States revolve around a line of reorganization of their project, while trying to weaken or neutralize the people's movement and establish new bases to continue the war against the poor.

8. The decision to keep Duarte or not revolves around the immediate political reports which say that the United States will try to guarantee the continuation of the strategy.

9. [Passage indistinct] In any event, the crisis and its makeup means a clear popular victory, and an obvious failure of the Reagan administration policy toward El Salvador.

10. Our fronts, spokesmen in the crisis, reaffirm before the Salvadoran people the six-point political proposal of 10 June 1986 as a contribution to arriving at a new stage of economic, social, and political reconstruction and progress, and as an expression of the desire of the minority sectors. We speak out in favor of a new government of broad participation, which expresses broadly the idea of national unity, is capable of putting an end to counterinsurgency war and U.S. intervention and will rescue national sovereignty and self-determination, the basis of [words indistinct]

11. In summary, our patriotic, democratic political national consensus plan must be built on the following basis:

A. The solution must be sought and agreed upon among Salvadorans, rescuing national sovereignty and independence and the exercise of full democracy This means tht the U.S. Government must stop participating politically and militarily in our country.

B. The government that will emerge through national consensus must be pluralist, integrating all the national sectors through parties, organizations, and individuals.

C. A cease-fire, to be declared upon the government's reorganization, will contribute to the government's advancement of the measures agreed upon through national consensus.

D. There must be the beginning of a just economic system, respect for the economic rights of all those sectors committed to the patriotic consensus, and promotion of various measures, including the repeal of the packaged swindles, intensification of the basic reforms, economic reactivation programs within the framework of respect for private enterprise, and the development of a mixed economic system.

E. There must be a process of genuine democratization and respect for human rights, which would guarantee the end of repression; a dismantling of repressive bodies; the return of displaced people and refugees to their home towns; respect for individual and collective democratic freedoms and rights; the creation of conditions for holding honest and free elections.

F. There must be a foreign policy based on peace, nonintervention, self-determination, nonalignment, and national independence that will promote relations based on equality of rights and respect for the sovereignty and independence of all peoples.

12. We call on our people to step up their struggle against the Duarte administration, against conscription, and against the packaged swindles. We call on our people to struggle against any maneuver for change that would prevent a true solution to the country's grave crisis. We call on them to struggle for the attainment of a democratic government of broad national consensus that will rescue our country's sovereignty.

PCN, ARENA LEADERS OPPOSE 'COUPIST POSITIONS'

PA072011 San Salvador LA PRENSA GRAFICA in Spanish 7 Jan 87 pp 3, 35

[Text] Those of us who believe in and participate in our country's democratization process will never support a coup d'etat. That can only fit in the minds of those who are unable to rule and seek that way out.

Hugo Carrillo, leader of the National Conciliation Party [PCN], made the above statement in referring to constant reports at various political levels concerning a possible coup d'etat.

We will allow Napoleon Duarte to complete his term because we, the PCN members, will never support coupist positions. The only ones who would benefit from a coup d'etat would be the rebels, the Marxists, Carrillo emphasized.

"Those rumors or whatever they are called, come from government circles -- from those who are unable to lead the fatherland and who are constantly making mistakes with their unconstitutional measures that harm the institutions of the Republic. This is what the Christian Democratic Party, PDC, is doing at the Central Elections Council, from which it is trying to tilt the balance of the next elections because the PDC members know that that is the only way they can keep themselves in power. This is because the people know them through their economic package swindles." He added that "the people know that the PDC is hurting them with its unpopular and demagogic measures."

"It is unbelievable that a minister of the stature of the culture and communications minister would try to deceive the people with his radio and television network appearances in which he tries to justify that which is unjustifiable by saying that everything is a bed of roses in El Salvador. He said that beans are cheap and so are tortillas. However, the people continue to endure the crisis that they, the PDC members, are handing to us." It seems that Rey Prendes lives on another planet, Carrillo reiterated. Regarding the constant coup rumors, the ARENA said that a coup would not be a way to solve the economic, social, and now political crisis caused by the Duarte government. A coup d'etat would only make it easier for the rebels to seize power, and those of us who believe in and participate in our country's democratic process will not permit that, ARENA President Freddy Cristiani said.

Those who talk about a coup d'etat are those who irresponsibly offend the Armed Forces, which are determined to defend the freedom of all Salvadorans. As nationalists, we will never permit a coup d'etat, because it would be like opening the doors to the communists. However, we do not support the mistakes of the current PDC administration because it is only harming the neediest sectors, giving them the arguments against those of us who are on the democratic-nationalist path, he concluded.

FMLN GENERAL COMMAND ISSUES 'YEAREND' MESSAGE

PA310137 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 30 Dec 86

["Yearend" message issued by FMLN General Command, dated 29 December, 1986, "in El Salvador" -- recorded]

[Text] At the end of the year, 1986, the signs of victory are unmistakably clear along the path of the Salvadoran people's struggle.

At the end of the year, the situation has reached the worst crisis faced throughout the war because of the Duarte government and the U.S. administration's counterinsurgency plan. The economic crisis worsened because of the ravages of drought, the destruction caused by the earthquake, the imposition of economic package swindles, and the stubborn determination of the U.S. Administration to use all the country's resources and foreign aid to finance the war, putting aside structural problems.

Unemployment, the high cost of living, low salaries, as well as the health, housing, and education problems have led poor classes to an unbearable situation. However, the government, far from seeking solutions to these problems, is bent on (?promoting) the vicious circle created by a support for a war they cannot win.

The United States is trying to save the system at any cost with selective bombings and repression on both rural and urban areas. Intensifying the war against the people, it feels forced to increase the expenses of this genocidal war and, as a result, it worsens the country's economic situation and totally justifies the people's revolutionary war led by the FMLN.

The Duarte government has not done much to solve the country's oldest and most dramatic problem: land ownership. It has merely tried to implement a poor imitation of an agrarian reform that neither expropriates land from the oligarchs nor delivers the land to peasants. It also does not resolve the crisis over the lack of productivity.

The most tangible result of the demagogic agrarian reform is the million-peso unpayable agrarian debt and the increasing discontent and protests by peasants and cooperative members.

The regime diverts all the resources to the war, imposing economic package swindles, implementing repression, pushing the popular classes to an unbearable situation of misery that has multiplied the people's discontent. The only response to this discontent has been the genocidal repression, the divisionist attempts against labor and trade union organizations, and decomposition through corruption by the American Institute for Free Labor Development. There have been no solutions to the demands. Instead, there have been furious attempts at dissuasion with the hope of halting the discontent and mobilization of the working class.

In this way, the Duartist jails which, according to the government, last year held 500 political prisoners, now hold more than 1,000. It must be noted that the number of missing and assassinated people experienced the same increase compared to the previous year. The indiscriminate bombings, the burning of houses and crops, and the persecution by the Armed Forces in the rural areas have displaced one out of every five Salvadorans. [Words indistinct] inside the country. This group of people living in subhuman conditions were abruptly joined by 250,000 homeless as a result of the 10 October earthquake. They were all condemned to hunger and poverty.

The most conservative figures mention 35,000 newly unemployed who, along with peasants, cooperative members, workers, displaced, and homeless, have seen the fattening of a new caste of Christian Democratic and military nouveau riche who ride in luxurious cars and buy mansions in exclusive neighborhoods. They see the proliferation of travel agencies, resturants, and business establishments which are good only for those who benefit from the dollars of the corruption and the business of war.

The widening of the gap of inequalities between the poor and the rich and the refusal to make concessions regarding the demands for wage increases, for a stop to the repression, for the repeal of economic package swindles, for agrarian and urban reforms and so forth have increased the labor conflicts, the protest mobilizations, and the seizure of streets and work centers. The generalized discontent has created a situation of collective anger and social tension which has yet to be expressed with its full strength. Nevertheless, its eruption is inevitable with justified levels of social violence in all sectors of the popular classes. The political awareness of the Salvadoran people has increased in direct proportion to the rapid worsening of the crisis of the system. The reasons for the struggle and the war waged by the FMLN appear more just and legitimate to the masses. In this framework, the unpopular regime in the country is unquestionably headed towards a deep crisis of power. Napoleon Duarte's isolation is evident at all levels and sectors. Circumstantial allies of Christian Democracy such as the UNOC [National Peasant-Worker Unity] and the Central Organization of Salvadoran Workers, CTS, have publicly rebuked Napoleon Duarte for not fulfilling pacts, agreements, and promises. All of them have coincided in denouncing the repression.

Private enterprise, which concluded alliances with the government as a result of the quake and formed the COEDA [Commission in Charge of Distributing Aid], is now protesting the war tax and the other tax measures and is openly promoting a coup d'etat.

General Blandon, the chairman of the Joint Chiefs of Staff of the Armed Forces, now appears to be putting down the coupist desires within the Army.

Duarte's isolation is also present inside his own party. Some leaders and rank-and-file members of Christian Democracy have openly expressed their disagreement with the shameful level of submissiveness to the plans of the Reagan administration. Duarte's replies are pathetic. Any disagreement is described as subversion. Duarte is blindly ruled by the principle of either one is for him or against him. There is not much space for the opposition. In the international arena, the isolation of the Chirstian Democratic regime is truly pathetic. The total degree of economic, political, and military dependence on the Reagan administration makes the Duarte government [words indistinct] as an unwitting tool in the errors and defeats of the U.S. foreign policy.

The prospects for the U.S. foreign policy in 1987 are not encouraging. The three counterrevolutionary projects directed and financed by Reagan for Angola, Afghanistan, and Nicaragua were strategically defeated in 1986. The other counterrevolutionary attempt by the U.S. Administration is in El Salvador. The deepening and increase of the war of all the people shows the failure of the counterinsurgency plan.

The questions by the U.S. officials who traveled with Elliot Abrams to Central America in October were significant: Why aren't the contras as effective as the FMLN guerrillas? Why doesn't the FMLN need $100 million to wage the war?

New centers of tension will predictably emerge with more determination of the Reagan administration's foreign policy. The Philippines, Chile, South Africa, Haiti, and the Dominican Republic are only some of them.

Latin America's confrontation with the IMF over the renegotiation or cancellation of the foreign debt has made evident the few despicable governments that serve the U.S. interests in the continent. Napoleon Duarte obviously heads this list. The deterioration of the siutation of other regimes sponsored for years by the North Americans is imminent. This will substantially change the balance of forces on the African and American continents.

The Reagan administration's defeats in the international area have also involved Duarte. The Iran-contra scandal showed to the world a Napoleon Duarte who was willing to shamelessly lie for a handful of dollars. It showed a president who is not aware that his country has become a CIA military base. Throughout history, imperialism's unwitting tools have all met the same dramatic fate. Marcos and Duvalier are the most recent examples.

Even though the debt is the result of a war that is of interest to the United States, the IMF treats the government mercilessly. As a result of Reagan's crisis due to the Iran-contra scandal and Duarte's complicity with the economic restrictions of the U.S. administrations, there is already talk about reducing the aid by 30 percent, halting military shipments so as to carry out investigations, etc. Duarte's tears during his latest trip to the United States have been useless. The following popular saying is quite true: The devil pays badly those who serve him well.

The international community views Napoleon Duarte either with pity or scorn. The government's own foreign policy seeks to inspire pity so as to counteract the generalization of the repudiation against it. An indication of this has been the interest of governments and institutions of the world in placing conditions on their humanitarian aid for the quake victims so that the supplies will be administered by nongovernmental organizations and in this way ensure that the aid will reach the needy and not be lost in the sea of Christian Democratic and military high command corruption.

This chaotic situation of insurmountable economic crisis, imminent social explosion, and internal and international isolation of the regime serves as a backdrop for the war which, as was recently discoverd by the chiefs of the high command, is 90 percent political.

In its strictly military aspect, the development and result of "Operation Phoenix" on Guazapa hill -- which has been the main effort of the Armed Forces in 1986 -- vividly show the bogging down of the Yankee counterinsurgency plan.

"Operation Phoenix" began with four special battalions: Atlacatl, Belloso, Bracamonte, and Paracaidistas as well as the Libertadores Battalion of the Treasury Police, another battalion of the National Police, units of the 1st Brigade and Military Detachments No 5, and the biggest amount ever spent in the war for artillery and Air Force support. With this number of troops and resources, "Operation Phoenix" sought through a scorched-earth policy to totally dislodge the FMLN from Guazapa hill, push us toward the country's northern border, and to store military control over the area.

However, "Operation Phoenix" achieved none of those objectives. Our guerrilla units wore down the troops considerably while our plans for expansion and growth were vigorously intensified on the outskirts of the capital, San Salvador volcano, San Jacinto hill, southern La Libertad Department, and so forth. This succeeded to such a point that "Operation Phoenix," which now includes only a small number of the troops with which it began, faces a triple problem: guerrilla units concentrated on Guazapa hill, which remain in the theater of operations, increasing the Duartist troops' attittion; new units in the area surrounding San Salvador volcano, the outskirts of the capital, and all of La Libertad Department; and medium- and large-scale actions by FMLN battalions on all the fronts. These actions began with the "Commander Virginia Pena Mendoza, Oscar Acevedo, and (Salvador Healey) Present in the Anti-interventionist Struggle for Independence and Peace" campaign. The Central Front has actively participated in it. "Operation Phoenix" has thus been defeated tactically and strategically.

On 10 January, when General Onecifer Blandon officially launched "Operation Phoenix", the FMLN had already been implementing for months a new tactical and strategic plan that would bring down Operation Phoenix and the entire strategic counterinsurgency plan drafted by U.S. advisers and the Salvadoran top military command.

Owing to our previous revamping of our strategy, we then moved to deploy our units throughout the country in an orderly fashion, aiming to expand the people's war, organize the masses, destabilize the war economy, deeply wear down the Duartist tooops, and assemble and develop the capacity to gather new and greater forces, battalions, and battalion groups as to enable them to regularly deal medium- and large-scale strategic blows. The deployment of guerrilla forces and the expansion of their theater of operations not only expanded the war throughout the territory, but also -- and this is the most important thing -- led to the creation of new force commands [escdalones de fuerza].

New militia and guerrilla units were created based on the development of new local forces and new expansion zones. At the end of 1986, they already cover the outskirts of the capital, San Salvador volcano, and Sonsonate. In La Libertad Department, our units have already reached the western coast. Santa Ana is a consolidated front.

The deployment of our forces increased the organization and incorporation of new contingents within the FMLN ranks. In this way, we faced the challenge of strategic escalation. The destabilization of the war economy is publicly acknowledged by Napoleon Duarte: the ministers of economy and finance; the growers of coffee, cotton, and sugar cane; and director of the railroad system; the chairman of CEL [Lempa River Hydroelectrical Executive Commission], etc.

Through the appropriate use of ambushes and homemade weapons, we have interrupted the objectives of the Army's operations and patrols, and have deeply worn down its troops while our forces have sustained a minimum of casualties and material losses. We have already reached a high level in terms of the heavy attrition rate, owing to the considerable increase of ambushes conducted by the new force commands on the highways. A preliminary assessment by the top military command and U.S. advisers on our operations was [word indistinct] and completely wrong. They proclaimed our defeat. They mistook our expansion for disarray. They became convinced that they could annihilate us. It took them over a year to realize that their view was a mirage of victory.

Based on the doctrine of low-intensity conflicts, they created the United To Rebuild program in response to our new strategy. The United To Rebuild program is the Army's belated readaptation to the FMLN's strategic readaptation. The Army is seeking to counter our guerrilla units' joint conscience-raising and organizational activities with the United To Rebuild program, sporadic distribution of beans and sewing machines, disguising soldiers in clown outfits, and delivering demagogic speeches and promises of reconstruction. This is what the doctrine of low-intensity conflict refers to as psychological warfare. The United To Rebuild program is a prisoner of its own doctrine because the Army is conducting brutal military operations in an effort to push the FMLN forces into the country's northern and eastern border areas.

However, these military operations cannot attack our forces. Instead, they continue genocidal actions against civilians, whom they cannot stop perceiving as clandestine enemies, collaborators, or potential collaborators of the FMLN. The Army seeks to break the ties between the FMLN and the people with the United to Rebuild program. In this way, they hope to keep us from growing and cut our supply lines. In more strategic terms, the Army does not want to incite factors that could lead to an uprising stemming from a social explosion caused by the economic and political crisis and by the military capabilities the FMLN has attained.

The United To Rebuild program is like trying to use a small fire extinguisher to snuff out a huge revolutionary blaze threatening to consume the regime at any moment. The fundamental problem of the United To Rebuild program is that it does not set out to solve the country's structural problems. These problems are why the people have joined the struggle. Simplistically, mechanically, and inanely, the Army attempts to annihilate a growing people's struggle and a deep structural crisis in this little country of ours. Here the structural crisis and the war are very closely linked in the geographic and social aspects.

The United To Rebuild program has been dead since its start. In addition, it came with the militarys blessing precisely when the FMLN battalion and groups began their operations on all fronts with medium-and large-scale actions. Moreover, the program began as we were arriving at a higher level of strategy and planning to continue our operations until we broke the strategic balance.

It is worth noting that one of the objectives of the United To Rebuild program was to keep the FNLN's battalions from regrouping. Now the Army has to face the effectiveness of new contingents of militia forces and local guerrillas as well as the actions by the FMLN's battalions and battalion groups.

It is also worthwhile to review the highlights of 1986. Armed forces casualties: 6,151 dead and wounded. Of these casualties, 75 are officers. This figure includes 2 U.S. advisers, 2 injured colonels, 1 captured colonel, and 19 pilots. Of the total number of casualties 2,613 were inflicted with homemade weapons or during ambushes against military vehicles and infantry attacks. Weapons seized: 336 rifles and support weapons. Ammunition seized: 126,000 cartridges. Concerning antiaircraft clashes, we reported that 7 helicopters were destroyed and 15 damaged. This is the highest number of war materiel destroyed so far during the war. Also, 130 military vehicles were destroyed during ambushes. Installations destroyed or almost destroyed: the 3d Infantry Brigade Garrison in San Miguel; DM-3 [Military Detachment No 3] in Santa Rosa de Lima; El Martillo Cooperative Garrison in Usulutan; the [name indistinct] in Chalatenango; the Cerro Colorado bases in Guazapa; and a dozen communications centers and garrisons in several parts of the country.

Sabotage to the war economy: We destabilized the country's electricity network by blowing up 1,137 units, including substations, towers, and pylons. We curtailed railroad transportation to a minimum by constantly controlling and sabotaging the main lines. We conducted seven nationwide transportation stoppages, which affected the war economy for 45 days this year. In agricultural [word indistinct] zones under FMLN influence, 82,000 quintals of coffee and cotton were taken from processing plants or farms belonging to landowners who did not pay the wage scale established by the FMLN. Most of those products were distributed among the people. We imposed our authority over a large area of the coffee growing zones, and the wages paid were in accordance with the established wage scale.

We must note that all these actions used to wear down the Army and its war economy cover a new theater of military operations on the outskirts of the city [not further identified] and other cities as well as a large sector of the country's western area.

The occupation of (Juasdia) Tamanique and the recent attacks on Santo Domingo de Guzman, Sonsonate, and Masahuat in Santa Ana Department are examples of this.

Obviously, these figures paint a somber picture for the Armed forces. Some people do not rely on figures, but these figures have a political significance that is confirmed by the facts. Duarte is imposing new taxes because the nation's funds and U.S. foreign aid are not enough to finance the war. The director of the military hospital has admitted that more than 2,000 soldiers have been maimed and that the daily average number of surgical operations is 35. Colonel Mauricio Vargas has publicly expressed his skepticism about the United to Rebuild program. The military officers and high commanders are fully aware of the situation, and while some of them rob insatiably to guarantee their future abroad, others helplessly wonder where the next FMLN blow will be. Gen Blandon himself announces our new blows but does not seem able to do anything to prevent them. The strategic balance of power is substantially changing. The elite battalions are already moving from one place to another to hold back a front, and the situation is gradually becoming more difficult for them everywhere, even in areas where there was previously no war. Col Vargas himself, biting the bridle of his powerlessness, admitted to the press that the army is not strong anywhere; it is weak everywhere. The troops' low morale makes it impossible for them to resist the new FMLN thrust. The puppet army's morale has been undermined by more than 30,000 casualties during 6 years of war. The army is running away and is more evasive than ever when it must confront our strategic units.

It knows very well that running and leaving the site is the best way to save its soldiers' lives and not be annihilated. The air attacks have not stopped us, and we have learned to carry out large-scale actions at night. These actions have become nightmares for the enemy troops and commands.

It is good to mention, to make it clear to the enemy command, that just as we told it that the attrition war -- which today is causing thousands of casualties -- was only beginning, we now tell it that this new phase is only beginning and that it can expect very difficult days ahead as 100 percent of our forces, resources, and fronts begin full operation in conjunction with our plans.

The advance of FMLN forces, the worsening of the economic crisis that has created an unbearable situation for the people, an imminent social explosion, internal division in the government party, and a forseeable power vacuum added to the discontent of the most varies sectors of society are creating factors that, when acting together, will make possible the victory of the people over the regime and the U.S. project.

Napoleon Duarte, in his megalomania, dreamed that he would take on a messianic role in the country's political history. After 2 and 1/2 years of government, Duarte has become the most hated personality to large portions of Salvadoran society. He has been rejected by the national and international press, the private sector, all popular and student organizations, and even his own party. The Army continues to accept him reluctantly only because he is the key to U.S. dollars.

At the end of 1986, it is imperative to unite all forms of the patriotic, democratic, and popular struggle to rescue national sovereignty; to end U.S. intervention in our internal affairs; and to achieve a solution among Salvadorans who want peace, justice, and democracy. It is imperative to deepen and radicalize the struggle of courageous workers and labor unions to achieve their most pressing needs, the heroic struggle of political prisoners, the struggle o the displaced to return home, the struggle of the victims who are entitled to land and houses, and the struggle of cooperative members and farmers to abolish the agrarian debt and achieve genuine agrarian reform.

We cannot and must not accept a peace of hunger and repression. We must generalize the armed struggle to include all the people. Only then will we be able to give a renewed and definitive thrust to our effort to prevent the closure of alternatives and face the unbearable crisis. We must support the legitimate and just war being waged by all the people and being promoted by the FMLN. In 1987, we want to struggle together with all popular, patriotic, democratic, and revolutionary sectors against the stubbornness of the Christian Democratic government that refuses to grant concessions ot the working class; against the government that is imposing package swindles of hunger; a government that closes itself to dialogue; a government that offers no other option to the nation than the patriotic unity and struggle, which will open the doors to a national political solution that will powerfully lead us to a definitive victory of all the people.

The time has come for the incorporation of all patriots to wage the just and legitimate war of all the people; as in Vietnam, the people will win over the war machinery of imperialism and its puppet Army.

On this occasion, the FMLN makes calls on Army chiefs and officers, the private sector, small- and medium-size producers, businessmen, and professional organizations -- in view of the closure of alternatives by the Duarte government -- to seek together national solutions to the most serious crisis ever in the country's history. We say to them: let us unite, communicate, and exchange ideas, allowing us Salvadorans to begin discovering each other's views and analyses of the unjust war being promoted by the counterinsurgent project of the Reagan administration, and of the just revolutionary popular war being waged by our people.

In this regard, the FMLN calls on all sectors to make efforts to open channels of communication at the individual or collective level, at the formal or informal level, anywhere, anytime, by mail or direct contact, in territories under our control in the capital, or abroad.

Our call includes the rank and file of the Christian Democratic Party and its leadership cadres who do not agree with the policy being imposed on Duarte by the U.S. Embassy, which is leading him to oppose a national solution to the crisis. If we really want peace, justice, democracy, and a national solution to the conflict, we must implement a broad, conspiratorial, and patriotic thrust involving all sectors to alter the country's path from the direction Duarte and the U.S. Government are guiding it.

On the occasion of the end of this year, the FMLN greets the working class, popular organizations, guilds, cooperatives, labor unions, student organizations, and teachers and urges them to deepen their combative struggle, strengthen unity, and prepare for historic battles that are drawing closer. Those battles will demand of the workers their maximum courage and struggle determination.

This general command extends fraternal greetings to FDR companeros, especially to its executive committee, and reaffirms the strategic nature of our alliance that today is about to confirm our historical success, because it has given our people most varied, formidable, and invincible combination of instruments and capabilities in the political and military struggle.

The FMLN General Command hereby addresses its political structures, leadership, and combatants, especially recently enlisted guerrillas and clandestine militiamen, support units, activists involved in the expansion task, medical services, literacy workers, explosives experts, logistical supporters, and foreign service companeros in diplomatic and solidarity tasks. We do not forget those who face great dangers while carrying out operations inside the enemy territory. To all our militants: As we prepare for the historical tasks that are drawing closer, we urge you to redouble efforts at the military, political, and diplomatic levels; to increase our strength; and to organize and incorporate all the people to the war and multiply our actions.

The quickness, nature, and quality with which we carry out this task will have much bearing on how fast we can continue waging definitive battles. We must prepare ourselves for definitive battles in 1987; this means that we must achieve greater unity, turning our five revolutionary organizations into a formidable vanguard power. One revolutionary party, one popular Army to make a Farabundo Marti dream come true.

Our recognition goes to our companero political prisoners for the struggles they have waged; we urge them to firmly maintain their principles. This command is constantly viewing your release as one of our objectives. To those companero war cripples, we wish to convey the recognition of this command for the courageous and exemplary effort that you have waged in jails to uncover the regime's full cowardice and monstrous aberration. Companeros: You have waged a just battle for the rights of war cripples.

When we analyze such positive results and the path covered, we necessarily feel the strong and live presence of those who have fallen in combat, the heroes who have brought the possibility of victory closer, who have made this possible with humility, perseverance, and dedication. Their examples have become permanent lessons.

In the name of those heroes, our heroes: We must win; We will win. Let us all turn 1987 into a year of organization, unity, and combative struggle that will prepare us for victory.

Revolution or death, we will win!

[Signed] FMLN General Command
Commander Leonel Gonzalez, Shafick Jorge Handal, Roberto Roca, Ferman Cienfuegos, Joaquin Villalobos
El Salvador, 29 December 1986

HONDURAS

REGALADO ASSERTS FORCES' COMMITMENT TO GOVERNMENT

PA072135 Tegucigalpa Voz de Honduras Network in Spanish 1130 GMT 7 Jan 87

[Interview with General Humberto Regalado Hernandez, commander in chief of the Armed Forces, by HRN correspondent Jose Danilo Izaguirre; date and place not given -- live or recorded]

[Text] [Izaguirre] Are you ready to be sworn in at the National Assembly as commander in chief of the Honduran Armed Forces?

[Regalado] Certainly. I am honored to have been chosen by the Honduran people and the National Assembly for a 3-year period.

[Izaguirre] Have you heard about comments from an international newspaper stating that General Regalado Hernandez has shared power with the sixth promotion [promocion sexta]?

[Regalado] The truth is that I do not know. This morning I heard something about a diplomat who is accredited in Honduras. I do not know if Honduran diplomats or government employees are listening to speculations. One must not trust a foreigner's speculations.

[Izaguirre] How would you evaluate this comment?

[Regalado] I do not know why there are people interested in trying to promote a bad image of the Armed Forces. You can test the unity of the Armed Forces and our commitment with the government and with the fatherland.

[Izaguirre] Any comments on the arrival of General Gustavo Adolfo Alvarez Martinez to our country?

[Regalado] The attorney general can give you a better answer. He [Alvarez] has a problem with the attorney general.

[Izaguirre] There are no problems with the Armed Forces [regarding Alvarez Martinez's arrival].

[Regalado] There are no problems because the Armed Forces have passed on the responsibility to the attorney general.

[Izaguirre] What are your plans for the next 3 years or for 1987?

[Regalado] We have permanent plans, which include increasing the Armed Forces capacity to fulfill its mission according to the Constitution and to guarantee security for Honduran citizens.

[Izaguirre] Does this mean that the Armed Forces will give absolute support to the government by strengthening the democratic order in this country?

[Regalado] We will give our total support to the government. We are preparing a plan for the president so that the Armed Forces could be used in the development processes. The Armed Forces could be used as an extension of the government. The government could use our equipment and supplies and our human resources to bring welfare for the needy in places where there are no roads.

[Izaguirre] Are the Armed Forces willing to contribute to the democratic as well as to the political and economic development of the country?

[Regalado] Certainly.

[Izaguirre] Has the problem with Nicaraguan been solved? There were comments made regarding some troops in Nicaragua. Could you comment on this?

[Regalado] There is still some exchange of fire along the border. Our constitutional commitment is to safeguard our territorial integrity. The Armed Forces have been ordered to always be alert to protect our nation's sovereignty.

[Izaguirre] Do you believe the war drums are going to be beaten, as some politicians have said?

[Regalado] I do not know. I would need to have a crystal ball, but our job is to prepared for war. There is a saying: If you want peace, be prepared for war.

[Izaguirre] Even though we are at a disadvantage numerically, are the Armed Forces prepared for an event of this nature?

[Regalado] The Honduran people and the Armed Forces who enjoy a democratic system are prepared to defend our country from a foreign ideology.

[Izaguirre] Did General Regalado Hernandez arrive in power because of an agreement between groups within the Armed Forces?

[Regalado] No. The Armed Forces Superior Council [Consejo Superior de las Fuerzas Armadas] is made up of men of different age groups. They chose me to be at the head of this institution. We want national unity. The people, the government and the Armed Forces can make this country move forward to benefit the welfare of the Honduran people.

NICARAGUA

COMMUNIQUE REPORTS 9 JAN CONSTITUTION CEREMONY

PA072014 Managua Radio Sandino in Spanish 1200 GMT 7 Jan 87

[Press communique No 1 issued by the Press and Public Relations directorate of the National Assembly in Managua on 6 January]

[Text] The Press and Public Relations Directorate of the National Assembly informs the Nicaraguan people of the following:

1. On 9 January 1987, the solemn session of proclamation of the Nicaraguan constitution will take place.

2. In that ceremony, we will have the presence of prominent international delegations from 13 countries. These delegations will be headed by: His Excellency Peruvian President Alan Garcia; Latin American Parliament President Luis Leon; Guatemalan Congress President Alfonso Cabrera; Panamanian Legislative Assembly President Ovidio Diaz; companero Flavio Bravo, the president of the Cuban National Assembly of the People's Government; Colombian Senate President Humberto Pelaez; companero A. (Yeliseyev), deputy of the Supreme Soviet, vice president of the ILO national interparliamentary group, two-time hero of the USSR, and astronaut; Mexican Grand Commission Secretary Salvador Neme Castillo; Senator Ruben Carpio Castillo, member of the ILO executive committee and president of the foreign affairs commission of the Venezuelan Senate; Senator Francisca Sauquillo, member of the Spanish Senate and president of the pro-peace commission; Mr (Helmut Schor), member of the FRG Social Democratic Party executive committee and member of social and health affairs of the state of Bremen; Mrs Maria Leissins, liberal deputy of the Swedish Parliament; and a delegation from the U.S. state of Wisconsin that is formed by several sectors of that state.

We want to clarify that a report published in a local paper today saying that Socialist International President Willy Brandt would attend the 9 January ceremony is false.

3. The president of the National Assembly invites the Nicaraguan people to accompany its representatives and the distinguished delegations invited to the historical proclamation of the first constitution of the Republic of Nicaragua drawn up with the participation and contribution of all the political, social, and economic sectors of our country.

Managua 6 January 1987. No one surrenders here.

CDN PROTESTORS BRAND GOVERNMENT 'DICTATORSHIP'

PA080031 Paris AFP in Spanish 2253 GMT 7 Jan 87

[Text] Monimbo, Nicaragua, 7 Jan (AFP) -- Some 200 Nicaraguans demonstrated today in this sector of the city of Masaya, 30 km south of the capital, demanding an end to what they termed "the Sandinist dictatorship." The demonstration was organized by the Nicaraguan Democratic Coordinating Board (CDN), which is comprised of three political parties, two labor organizations, and the higher Council of Private Enterprise (COSEP).

This is the first political action staged by the CDN since the 1984 elections in which it abstained from participating, alleging that there were "insufficient guarantees" for a democratic process.

The March in Monimbo -- an Indian neighborhood that waged a historic battle during the war against the Somozist dictatorship -- was held in memory of Pedro Joaquin Chamorro, former editor of the closed newspaper LA PRENSA, whose assassination 9 years ago sparked the beginning of the insurrection.

Despite the existing stage of emergency in Nicaragua which has suspended individual rights, the march took place without incident.

During the march the demonstrators chanted slogans against the government of President Daniel Ortega such as: "Communism no, democracy yes," or "What are the people demanding? That the Sandinist Front go!" "The people do not want arms, they want food," some of the posters carried by the demonstrators read.

The CDN leader, Azucena Ferrey, stated in a speech that "the Sandinist dictatorship is even more violent" than that of General Anastasio Somoza, who was defeated in 1979.

"This is a regime that is maintained by the force of arms, which violates the most elemental human rights and imprisons and tortures those who are struggling for democracy," Ferrey declared. The opposition leader also said that Sandinism "is an ever more cruel and bloody regime than the former, because it even wants to control the people's thinking."

Ferrey charged that the Sandinist government also persecutes the Catholic Church, recalling the closure of Radio Catolica and the expulsion from the country of more than 15 priests, including Msgr Pablo Vega, vice president of the Episcopal Conference.

Meanwhile, Ramon Garcia, Social Christian leader, said that on Friday a similar demonstration will be held in the city of Managua, following a mass in memory of the journalist Chamorro.

Regarding the new constitution that will become effective on Friday, Garcia said that it "will not contribute to resolving the war affecting the country," which has claimed more than 34,000 lives. "The constitution is nothing but a screen for exportation [exportacion]. The people will continue to die here, hunger will continue to plague the vast majorities and liberties will continue to be curtailed," the opposition leader stated.

PLI Demands 'Flexibility

PA071455 Managua Domestic Service in Spanish 1200 GMT 7 Jan 87

[Text] The faction of the Independent Liberal Party [PLI] headed by Virgilio Godoy yesterday made another attempt to stop the advancement of Nicaragua's history by demanding more flexibility in the implementation of the state of emergency -- even though its effects have not hampered the activities of that or any of the organizations that frequently and publicly have opposed the advancement of the revolutionary process.

The PLI and another party [not mentioned] have told international news agencies that next Friday they will express the nonconformity of those minority groups regarding the promulgation of the new constitution, although the majority of PLI'S deputies have endorsed the four copies of the Nicaraguan constitution.

DEFENSE MINISTRY REPORTS RESULTS OF EPS CLASHES

PA071427 Managua Domestic Service in Spanish 1200 GMT 7 Jan 87

[Communique issued by the Defense Ministry's Public and Foreign Relations Directorate; date not given]

[Text] The Defense Ministry reports:

1. During the period from the last week of December 1986 through 5 January, EPS troops have continued harassing the mercenary forces in various points of the first, fifth, and sixth military regions. As a result of these actions, 137 enemies were killed, 49 captured, and 1 surrendered. The EPS reported 18 companeros killed and 63 wounded, most of them only slightly.

2. The major clashes include: On 5 January, in (Plan de Jilguero) sector, 6 km southwest of (Plan de Grama), Matagalpa Department, EPS troops supported by (Grap 1-P) artillery fire killed 21 mercenaries. On that same day, troops of the Simon Bolivar BLI [Unconventional Warfare Battalion] clashed with enemy forces in El Quemado hill sector, 14 km west of San Jose de Bocay, Jinotega Department, killing 3 contras. Simultaneously, 2 more contras were killed in (Cano Las Condegas), 12 km south of (Plan de Grama). On 1 Janurary, troops of the Oscar Benevides Rapid Hunter Battalion killed eight mercenaries in El Delirio, 20 km southwest of Nueva Guinea, in the 5th military region.

3. During this same period, 9 civilians were wounded and 12 kidnapped as a result of the indiscriminate attacks carried out by the mercenary forces on the civilian population.

4. Various weapons and war material were seized from the mercenary forces, including: 43 rifles of various types, 7 Claymore mines, 2 machine guns, and 1 RPG-7.

5. One of the mercenaries killed during these clashes was Carlos Juarez Fajardo, alias Canelo, who carried FDN intelligence papers reading Yamales, Honduran territory.

[Signed] Defense Ministry's Public and Foreign Relations Directorate.

U.S. AIMS TO 'BLOCK' UN, OAS ROLES IN C.A.

PA072107 Managua Domestic Service in Spanish 1800 GMT 7 Jan 87

[Text] Washington -- The U.S. Government is seeking ways to block the direct participation of the UN and OAS secretaries general in Central America's current problems. In this respect, U.S. Ambassador Richard McCormack will address OAS Secretary General Joao Baena Soares during an extraordinary meeting of that international organization's Permanent Council. The U.S. mission has pointedly requested the meeting.

At the meeting, the U.S. delegation will try to undermine the trip to Central American by OAS Secretary General Joao Baena Soares. Meanwhile, Latin American observers have viewed the U.S. stance as yet another sign of Washington's persistent policy to block progress in regional peace efforts. These observers labeled the trip by the UN and OAS secretaries general and the Contadora Group as the most important international diplomatic effort to achieve peace in Central America.

RUIZ OPENS JOINT COMMISSION MEETING WITH CUBA

PA071544 Managua Domestic Service in Spanish 1200 GMT 7 Jan 87

[Text] The current war of aggression, which has made the military situation the main destabilizing factor, is the principal reason for a negative GNP in Nicaragua for the third consecutive year.

Commander of the Revolution Henry Ruiz, minister of foreign cooperation, made the above statement during the inauguration of the intergovernmental Cuban-Nicaraguan Joint Commission.

The main goal of the meeting is the revision and ratification of the joint cooperation agreements which include several activities in production, services, and education.

The negative GNP trend is directly or indirectly caused by the U.S. Government's attacks, which are aimed at creating economic chaos in the country. However, Nicaragua's foreign policy has neutralized such attempts, the revolutionary leader stressed.

BRIEFS

AUSTRIA DONATES RICE -- Austria has donated 1,500 tons of rice to Nicaragua. The rice is already in the country and will be distributed mainly in region three this weekend. [Summary] [Managua EL NUEVO DIARIO in Spanish 7 Jan 87 PA]

BRAVO DEPARTS FOR NICARAGUA, PRAISES CONSTITUTION

FL071638 Havana Radio Reloj Network in Spanish 1502 GMT 7 Jan 87

[Text] Flavio Bravo, president of the National Assembly of the Peoples' Government, underscored today how important the first Nicaraguan political constitution is for the rest of Latin America.

Upon his departure to Managua, where he will attend the constitution proclamation ceremony, Bravo indicated that that non-socialist [as heard] document drafted by seven political parties is an example that it is possible to conduct a revolution such as the one in Nicaragua in many Latin American countries.

He stressed the democratic, independent, and anti-imperialist nature of the Nicaraguan Constitution and noted that it is based on a mixed economy, multi-partyism, and widely considers the democratic rights of workers and people. He added that the presence of the Cuban national assembly in that historic moment for Nicaragua is an expression of Cuba's militant solidarity toward the Sandinist revolution.

CABRISAS, ETHIOPIA SIGN 1987-88 TRADE PROTOCOL

FL080225 Havana Television Service in Spanish 0100 GMT 8 Jan 87

[Text] Cuba and Ethiopia have signed a trade protocol of products by compensation [protocolo de intercambio de productos por compensacion], which includes minimal requirements of 5 million pesos for the current year and 8 [million pesos] for next year.

Ricardo Cabrisas, Cuban foreign trade minister, and Wollie Chekol, member of the central committee of the workers party of Ethiopia and foreign trade minister, signed the document, which includes Cuban shipment of medications, pharmaceutical raw materials, fruit juices, and sports goods.

From the African country we will receive leather, beans, and other products.

Cabrisas said this agreement shows the efforts of the two parties and peoples to increase trade in all area.

CASTRO PRESIDES OVER HAVANA INFORMATION MEETING

FL080208 Havana Television Service in Spanish 0100 GMT 8 Jan 87

[Text] Our Commander in Chief Fidel Castro, first secretary of the party Central Committee and president of the Councils of State and Ministers, is presiding over the information and orientation meeting on the principal activities of 1987. The meeting was called by the Havana City Provincial Party Committee and is being held in the Karl Marx Theater.

Attending the meeting are 4,800 representatives from Havana City Party grass-roots organizations and committees.

Jorge Lezcano Perez, first secretary of the Havana City Provincial Party Committee, reported on the need to explain the principal tasks to be developed this year to directors of centers.

He explained that there were advancements during the recently-concluded year, despite the difficulties that confront us. Production values totalled 100 million pesos and the average salary decreased by 2.8 pesos despite the fact that high salaries were paid to an important group of centers in the capital. In reference to the parallel market, he said that it exceeded its goal by 5 percent.

He indicated that a great achievement was the advancement of public health, which increased its efficiency in the number of consults. An example of the good work in this area is the reduction of the infant mortality rate, which reached its goal of 2.4 in the capital.

FMC ASSEMBLIES MEET TO DISCUSS ECONOMIC MEASURES

FL071414 Havana Radio Progreso Network in Spanish 1200 GMT 7 Jan 87

[Text] Federation of Cuban Women's [FMC] grass-roots assembly meetings continue in the entire country with combative gatherings in which our FMC members express their views regarding the country's main problems including the new economic adjustment measures announced by Fidel during the recent National Assembly of the People's Government meeting.

It is estimated that during the first day of activities alone over 150,000 women met in their respective grass-root assembly meetings which will continue throughout the end of February. These meetings will pave the way for meetings of the next level and will be followed by provincial assessment meetings in June.

ECONOMIC MEASURES 'TO INCREASE EFFICIENCY'

PA071406 Havana International Service in Spanish 0000 GMT 7 Jan 87

["Analysis" by Barbara Bethancourt]

[Text] Today we will speak again about a subject we have discussed before; however, we are aware that because of its significance, we must return to it as many times as necessary. That is, we will discuss the austerity measures that were approved during the 11th period of the ordinary meeting of the Cuban National Assembly of the Peoples Government held last December, many of which have already been implemented.

The main objective of these measures is to save foreign exchange and balance the domestic economic situation so it will be in a better position to confront the financial difficulties the country and the world in general are going through, without affecting the levels of development and consumption. Regarding consumption, we would say, for example, that none of these measures will directly affect the rationing system subsidized by the government, which guarantees quotas of staples at very low prices to the Cuban population -- products such as rice, grains, meat, and certified milk [leche normada]. The increases in transportation and electricity rates are the most significant items in this plan, which includes approximately 28 items.

The first increase in transportation rates became effective on Monday; each trip now costs 10 centavos where it used to cost 5 centavos. This rate however, is still one of the cheapest in the world. To give you an idea how much we Cubans pay for our public urban transportation, it is equal to about 10 U.S. cents. The other increase, the raise in the electricity rates, went into effect on 1 January; it is an increase of 2.5 centavos per kilowatt. We used to pay 6.5 centavos; now we will pay 9 centavos per kilowatt. The Cuban Government has warned that it will regulate the use of electricity in the state sector, and that it will cut off the electricity to those organizations that exceed their quotas. But this requires a study, because it is not the same to leave a factory without energy as leaving a hospital without it. This is all still under study.

Another very important measure will save 21,000 tons of sugar. This will be achieved by reducing sugar deliveries to food-producing organizations without affecting either their plans or the quality of their products.

There are other measures that will solve the problems of many families even though a few will be slightly affected. Such is the case, for example, of the substitution of dinner for a heavy lunch at children's dining halls. Through this modification, cutting off the evening meal, enough food will be left over to open new children's dining halls, which are so necessary for the population, especially for the ever-increasing number of working mothers.

There are also reductions that Cubans find difficult to explain to strangers, such as the diets. For instance, the system of supplying staples at low prices applied for reasons of health or age to more almost 1 and 1/2 million individuals. The enemy may use this to say that we are reducing the nourishment of sick people, but in reality, these supplimentary quotas are being studied to readjust them to he real needs of the population. Some of them are not so necessary and were benefitting certain persons who did not really need them. About 96,000 individuals will receive a quarter pound of boneless meat less a week as of next March, but meat will still be sold at an incredibly low price, 1 Cuban peso for 1 kg of meat.

The reductions for saving fuel are the most numerous in this program, which became effective in some cases before 1987. That is the case, for example, of the two television channels that will transmit 5 hours less of programs from Monday to Friday, and 2 hours on weekends; this will save almost 19,000 tons of oil.

Stricter regulations will be applied to the delivery of fuel, and the utilization of vehicles in the state sector and the consumption of kerosene by families are among the other measures.

The wide range of measures -- most of which are already being implemented -- will bring readjustments in domestic economy but, above all, they will increase the efficiency of production so we can confront 1988 under better conditions.

PARALLEL MARKET PRICE CHANGES BECOME EFFECTIVE

FL070143 Havana Radio Rebelde Network in Spanish 0000 GMT 7 Jan 87

[Text] The State Committee for Prices has reported that up to the moment the only prices to be modified in the parallel market are several rice, milk, and yogurt products.

For example, among the products most commonly consumed, the price of rice has been increased from 6 pesos for a 5-lb package to 7.5 pesos. [Word indistinct] milk has been increased from 80 cents to 1 peso. Natural whipped yogurt in plastic containers has been increased from 25 to 30 cents.

The State Committee for Prices reiterates that at the moment these are the only products which have changed in price in the parallel market.

STORMS DAMAGE CROPS IN HAVANA, ARTEMISA

FL072137 Havana Television Cubana Network in Spanish 1800 GMT 7 Jan 87

[Text] The winds and rains of the first days of the year have considerably affected several agricultural products in Havana Province. Peasants and agricultural workers of Havana Province are trying hard to lessen the negative consequences of the damage caused to tobacco, plantains, peppers, and other crops, and to make available to the population the products that are still usable.

[Begin video report showing shriveled tobacco plants and men cutting plantains] Havana agriculture has been affected in the wake of the weather changes in recent days. Important crops such as tobacco, plantains, potatoes, and tomatoes were damaged. In the fields of the Lazaro Pena tobacco enterprise in San Antonio de los Banos, strong winds caused the partial or total collapse of drying sheds and burned tobacco leaves. The rains of late December and the appearance of plant mites [fitostola] meant some 12 caballerias lost, as well as the interruption of cultivation tasks such as trimming and picking.

In Artemisa, plantain losses amount to more than 1 million fallen plants, which is the equivalent of more than 190,000 quintals. The agricultural workers are already cutting the affected plantains to make it easier to send more than 15,000 quintals to market and use the rest for animal feed. The first and second pepper crops suffered losses and it is expected the harvest will be affected. Tomatoes were also affected because of the high temperatures of late December and the rains. These and coming days constitute a challenge for all agricultural workers. The recovery and development of important agricultural products depend on their effort. [end video report]

WORKERS TAKE MEASURES TO SAVE TOBACCO CROP

FL071527 Havana Tele-Rebelde Network in Spanish 1200 GMT 7 Jan 87

[Text] The people of Pinar del Rio have responded promptly to minimize effects on their main crop, tobacco.

Tobacco is the pride of each person from Pinar del Rio and necessary measures have already been taken in each lot, plantation, and peasants' cooperative to plant a new crop in those areas that were totally devastated by the rain.

Agricultural techniques are being used in other less damaged areas to revive the plants. Plenty of activity is underway. Dead plants are thrown away, seedbeds are watered, leaves are picked and tied, they are fumigated and graded and new areas are prepared for planting.

In sum, the place is swarming with people who are willing to make up for the province's losses and produce much more with its new effort because, after the persistent rains, the weather has been ideal for tobacco harvesting.

Agricultural workers and people in general are the main characters of this new economic battle in Pinar del Rio.

ANTIGUA AND BARBUDA

UK'S HOWE COMMENTS ON BIRD'S ALLEGATIONS

FL022210 Bridgetown CANA in English 1750 GMT 2 Jan 87

[Text] Bridgetown, Barbados, Jan 2, CANA -- British Foreign Secretary Sir Geoffrey Howe today said he expected relations with Antigua and Barbuda to continue on a similar path as it has in the past.

His comment, at a news conference here, came in the wake of allegations by top Antiguan officials, including Prime Minister Verde Bird, that Britain was working with the local opposition to achieve the ouster of the ruling Labour Party at the next elections.

I am not being concerned by any reports of that kind, Howe said...I'm afraid that people often do say things which are not as well founded as they think.

DOMINICA

CHARLES SIGNS FINANCING AGREEMENTS UNDER LOME 3

FL071735 Bridgetown CANA in English 1616 GMT 7 Jan 87

[Text] Roseau, Dominica, Jan 7, CANA -- Dominica today became the first Organisation of East Caribbean States (OECS) country to sign financing agreements under Lome 3, according to Barbados-based European Economic Community (EEC) delegate Eberhard Stahn.

Stahn, who signed here along with Prime Minister Eugenia Charles, attributed this to the efficiency of the government and he praised Dominica for its prompt utilisation of aid funds made available under Lome 1 and Lome 2, the predecessor agreements linking the EEC with developing African, Caribbean and Pacific (ACP) states.

The documents signed here this morning cover an EC11-million-dollar feeder road project and a EC1.8 million dollar tourism development scheme.

Miss Charles expressed satisfaction that most of Dominica's Lome 3 funds were being used for agriculture. She explained that the feeder road project was in response to farmers demands for better roads to get their produce to the marketplace.

Officials here report that the road project is expected to begin in February, while preliminary work on the tourism scheme has already started.

The two projects are estimated to account for about 87 percent of the funds allocated to Dominica's under Lome 3, with the remaining 13 percent expected to go towards micro projects and technical assistance.

HAITI

MODERATE PARTIES SIGN 'JOINT ACTION PACT'

PA242246 Paris AFP in Spanish 1914 GMT 24 Dec 86

[Text] Port-au-Prince, 24 Dec (AFP) -- Ten leaders of Haiti's moderate political parties today announced in Port-au-Prince the creation of a "joint action pact" for the promotion and defense of democracy in that country.

The signatories of the pact pledged to establish and maintain a regime of pluralist democracy for all political parties without exception, provided that the parties abide by the rules of the democratic game.

In particular these rules include the rejection of any political system which does not respect the following: the people's will, as expressed in elections; political and ideological pluralism; or legal opposition and the holding of free, periodic elections.

The 10 signatories of the agreement are: Luis Dejoie, National Industrial and Agricultural Party [Partido Agricola Industrial Nacional], PAIN; Hubert de Ronceray, Movement for National Development [Mobilizacion para el Desarrollo Nacional], MDN; Maurepas Auguste, Democratic Movement for Unity [Movimiento Democratico Para La Unidad], MDU; Louis Eugene Athis, Democratic Movement for the Liberation of Haiti [Movimiento Democratico para la Liberacion de Haiti], MODELH; Joseph Willio Noailles, Inter-american Haitian Party [Partido Panamericano de Haiti], PAHPAM; Thomas Desulme, National Labor Party [Partido Nacional de Trabajo], PNT; Marc Bazin, Movement for the Establishment of Democracy in Haiti [Movimiento para la Instauracion de la Democracia en Haiti], MIDH; Gregorio Eugene, Christian Social Party of Haiti [Partido Social Cristiano de Haiti], PSCH; Leslie Manigat, Union of Progressive National Democrats [Union de Democratas Nacionales Progresistas], RDNP; and Dumas Arnold, National Party of the Defense of Workers [Partido Nacional de Defensa de los Trabajadores], PNDT.

In October, these 10 leaders, who were presidential candidates, advocated the creation of a permanent electoral council which was to organize and supervise the national elections. The proposal for this permanent electoral council was turned over to the National Government Council headed by General Henri Namphy.

In Haiti, local and municipal elections will be held in July, while legislative and presidential elections are slated for November.

TRINIDAD AND TOBAGO

ROBINSON TELLS NATION OF 'WHOPPING' DEFICIT

FL312338 Bridgetown CANA in English 2142 GMT 31 Dec 86

[Text] Port-of-Spain, Trinidad, Dec 31, CANA -- New Trinidad and Tobago Prime Minister, A N R Robinson, in a New Year's message, said today he had inherited a government with a TT2.8 billion dollar (one TT dollar ;27 US cents) fiscal deficit for 1986 and no financial reserves.

Robinson in his first formal address since coming to power in December 15 general elections, quoted figures from the interim report of a cabinet-appointed committee set up after the poll to evaluate the nation's finances.

The Trinidad and Tobago leader said that financial reserves, built up between 1974 and 1980 were completely wiped out.

He said the committee reported that:

-- The estimated 1986 budget deficit of one billion dollars had more than doubled to 2.8 billion dollars.

-- Budget projections for financing the deficit had not been fulfilled, with no money on projected foreign loans being raised.

-- The previous government had instead relied almost exclusively on borrowing from the central bank to the tune of one billion tt dollars and use of accumulated cash balances.

-- Oil revenue from the key petroleum sector declined by just under half of the budget estimate for 1986 -- from TT3.3 billion dollars to TT1.6 billion dollars.

-- Total recurrent revenue declined by 33.3 percent from 7.6 billion dollars to 5.2 billion dollars.

-- Recurrent expenditure stood firm at 6.4 billion dollars -- 300 million dollars below the budget estimate.

-- Unpaid bills and discharged liabilities remained to be settled.

Robinson accused the former ruling People's National Movement (PNM) government of putting party and political considerations before national interest in not holding an early election or bringing a revised budget before Parliament.

The government you voted out, therefore, not only ended its ignominous term of office with a whopping deficit of 2.8 billion dollars. In addition, it virtually exhausted all the legal limits to borrowing, including borrowing from the central bank with only one million dollars of authorised borrowing remaining under the treasury bills and development loans acts, said Robinson.

It is as though it were determined to sink the country before being voted out, he added. Campaign slogans. [as received]

Speaking at a news conference afterward, Robinson said there would be considerable movement in the country's state enterprises and corporations and promised new appointments in the next two weeks.

Robinson announced that a human resource skills bank had been set up to facilitate the composition of such boards in the longer term.

Within the next week, remaining appointments to the upper house (Senate) of the bicameral parliament will also be made.

The prime minister further announced the establishment of a cabinet-appointed task force to supervise the handling of the country's vagrancy problem within the next year. It will include Roman Catholic Archbishop, Anthony Pantin and Anglican Bishop, Clive Abdullah.

Expressing concern over what he called the spate of lockouts over the last six months, Robinson said cabinet dispatched new Labour Minister, Albert Richards to deal with a controversial labour dispute at the local fertiliser company, Fedchem.

Cabinet, he said, had agreed to a three-month extension of the contract which was due to end today with Sodeteg, the French firm which maintains the multi-million dollar Mount Hope medical complex.

The NAR government, Robinson said, had also agreed to retain the right to a US95 million dollar previously negotiated loan from the Inter-American Development Bank (IDB) for State Water Company, WASA, in 1987.

Robinson set a January 17 date for the start of a national week-long clean-up effort aimed at brightening up the environment.

Robinson repeated his party's commitment to openness in government, stating his update the nation news conferences would be repeated as often as desirable. [sentence as received]

NAR NAMES 16 AS GOVERNMENT SENATORS TO PARLIAMENT

FL070349 Bridgetown CANA in English 2312 GMT 6 Jan 87

[Excerpts] Port-of-Spain, Trinidad, Jan 6, CANA -- Trinidad and Tobago's newly-elected National Alliance for Reconstruction tonight named 16 persons who will serve as government senators in the new parliament. [passage omitted]

Following is the list of Government Senators: Herbert Atwell - National Security Minister; Clive Pantin -- Education Minister; Ken Gordon -- Industry and Enterprise Minister; Amrika Tewari -- lawyer; [name indistinct] -- lecturer; Benedict Armstrong -- I [as received] consultant; Horace Wilson -- film and television director; Leonard Bradshaw -- oil company worker; Michael Williams -- businessman; Eyard Hosein -- lawyer; Alloy Lequay -- businessman; John Gonsalves -- computer expert; George Weekes -- trade unionist; Dr Sahadeo Basdeo -- lecturer; Una Charles -- political activist; Carlisle Walters -- lawyer.

HOYTE WARNS OF TOUGH ECONOMIC TIMES AHEAD

FLO22225 Bridgetown CANA in English 1634 GMT 1 Jan 87

[All quotation marks as received]

[Text] Georgetown, Guyana, Jan 1, CANA -- President Desmond Hoyte told Guyanese last night to prepare for further tough times saying he saw no sign of economic prosperity in the near future. Hoyte said that 1987 would be "the year of purposeful economic adjustment" for Guyana. But he made no reference to press reports over the past month that the co-operative republic was close to reaching an agreement with the International Monetary Fund on a structural adjustment loan. Hoyte's New Year message to nation was broadcast over radio and television at midnight.

"The road ahead will not be an easy one," he said. "There is nothing on the horizon that gives promise of brighter economic prospect, much less of prosperity. Hoyte said the recent U.S. slash of Guyana's sugar quota by nearly half will mean a reduction in foreign exchange earnings.

A re-organisation of his government, including a cabinet reshuffle announced during the speech, was "intended to be a clear signal to public service and political functionaries, to the nation and to the international community that the government means business," Hoyte said.

He said that in 1986 Guyanese left behind the "politics of confusion, divisiveness and cynicism and have chosen the path of peaceful co-operative development."

The president said that the government will be taking the strongest possible action "to establish a culture of due regularity and accountability," and will brook no nonsense or irregularity in the affairs of government ministries and other agencies. "The obstacles to development and progress remain formidable, he said, calling on Guyanese to regard problems as "challenges to our courage ingenuity and intelligence." "We are not going to solve, lessen or overcome our problems, by complaining, begging or indulging in self-pity. Our hope of salvation is to respond vigorously and imaginatively with a practical, coherent and comprehensive national programme that is based upon the possibilities of our resources and rooted on common sense."

The president said he hoped that 1987 will not be one of idle ease, "but one of strenuous intellectual and physical endeavour, full of exhilarating challenges and of spiritual and material rewards in abundant measure."

"(in 1987) We will not be able to afford the luxury of casualness and complacency, nor will we be able to bear the heavy cross of dishonesty and malpractices. As individual citizens and as a nation we must set our faces implacably against such behaviour."

Hoyte, who is the current chairman of the Caribbean Community (Caricom), said Guyanese must recognise and accept that they are an essential part of Caricom and their fortunes are interlinked with those of the other 12 states. ...Our duty and self-interest require us to do all that may lie in our power to promote regional objectives and preserve the integrity of Caricom. I therefore take this opportunity, on behalf of the nation, to extend to all heads of state and government and to all the people of Caricom our best wishes for their welfare, well being and progress, in year ahead," Hoyte said.

BOUTERSE ON NEW CONSTITUTION DUE IN APRIL

FL260046 Paramaribo International Service in English 1730 GMT 25 Dec 86

[Text] During a Christmas celebration at the people's palace on Tuesday last, Commander Desi Bouterse said that 1986 has been a difficult year. The Christmas celebration was attended by the Council of Ministers, members of the top deliberating council, and members of the diplomatic corps and others.

In his speech, the government leader said that the introduction of new democratic structures will be materialized after March 31st, 1987. After this date, the constitution will be presented to the people for approval. He said the constitution will have to guarantee that the Surinamese will never return to the time of racial politics. Commander Bouterse wished all Surinamese abroad in the United States, the Netherlands Antilles, and Holland a merry Christmas and thanked them for their support in 1986.

POLICE ARREST 'PROMINENT' GUERRILLA LEADER

PA072310 Paris AFP in Spanish 2206 GMT 7 Jan 87

[Text] Paramaribo, 7 Jan (AFP) — The Surinamese news agency (SNA) reported today that the police arrested a "prominent member" of the guerrillas headed by young former recruit Ronnie Brunswijk in eastern Suriname.

An armed group, which seeks to topple the regime of Commander Desire Bouterse, strongman of former Dutch Guiana of about 350,000 inhabitants, has been operating in the eastern jungle and south of Suriname since 21 July 1986.

Bouterse charged that Suriname exiles and foreign governments -- especially France -- have allegedly helped and armed the group headed by Brunswijk, which is estimated to have between 200 and 300 men.

The person arrested by the police, under circumstances not specified by the official information, is 32-year-old Robby "Pakosi" Pika, who is described as a "prominent member" of the "Brunswijk group."

A top officer of the military police -- Suriname's Armed Forces are made up of 3,000 men -- told SNA that Pakosi said that Brunswijk and other "group" members recently received "additional instructions" from abroad.

Pakosi is charged with kidnapping and vandalism. SNA reported that a soldier, who had been kidnapped by the "group" on 30 December in the Marowijne District, on the French Guiana border, escaped yesterday; the authorities announced that they will provide details regarding his escape next weekend.

'DISAPPOINTING' NETHERLANDS RESPONSE TO PROTEST

FL072141 Paramaribo International Service in English 1730 GMT 7 Jan 87

[Text] In answer to a protest note which was handed over to the Dutch ambassador to Suriname, [D`J] van Houten, by Foreign Minister Henk Herrenberg on December 31st last, Holland said that the continuation of diplomatic relations with Suriname at ambassadorial level is in the interest of both countries. The Dutch government also says it does not see any reason to recall its ambassador to Paramaribo.

In the protest note, Holland is being accused of, among other things, interfering and involvement in terrorist actions. The note also asks whether it makes sense to maintain the present level of relations at ambassadorial level.

The Dutch Government rejects the accusations as being totally groundless and says that the protest against human rights violations cannot be taken to mean interfering in internal affairs.

According to the Dutch foreign minister, [Hans] van den Broek, the policy of his government since December 1982 has been focused on encouraging the restoration of a democratic constitutional state.

The Government of Suriname has referred to the Dutch answer to her protest note as being disappointing. The Surinamese Government says that although the Dutch Government is aware of the actions that are undertaken on its territory against Suriname, it still denies its involvement.

In the Dutch reply, said the Government of Suriname, nowhere did it react on the concrete accusation, nor was there any reaction on the [accusation of a] constant flow of hostile and false information about Suriname by the Dutch press.

This is the first time that Holland has reacted to a protest note from the Government of Suriname.

The Suriname Government is again of the opinion that Holland is interfering since the Dutch Government wonders if the violence can be seen separately from the insecurity of the restoration of a democratic constitutional state.

This opinion is contrary to the realities in Suriname, namely the participation of organized sectors in the democratization process for which a time schedule has already been fixed.